

October 2, 2008

Ladies and Gentlemen:

As Comptroller, I am committed to creating an environment that encourages the Texas economy to continue to grow. My office stands ready to assist communities and businesses in their efforts to seek out new opportunities and create new jobs. Together we can improve the quality of life of all Texans.

One of our responsibilities at this office is to analyze factors affecting the state's economy. To fulfill part of this responsibility, our office is releasing a series of reports highlighting economic development issues unique to the various regions of this state. *Texas in Focus: South Texas* was released in July 2008 as the second of these regional reports.

Now, I am pleased to present the third in the series, *Texas in Focus: Upper East Texas*. It provides information on the issues that affect this area's 23 counties and highlights many of the region's successes. The region's decision makers will be able to use this report as a tool to drive economic growth.

The Upper East Texas region's economic outlook is good, growing at a strong steady rate paralleling the state's economic outlook. In addition, the region is blessed with abundant natural resources and a comprehensive infrastructure system to help attract business and facilitate future economic growth. The region also is developing the skilled work force needed to continue its economic progress, with a larger share of public schools rated Academically Acceptable or higher than the statewide the average, and with 17 higher education institutions providing needed post-secondary education and training. I hope you will find this report helpful.

Sincerely,

Susan Combs





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Introduction

With its enormous size, large and diverse population and vast array of natural resources, Texas plays a significant role in the nation's economy. Despite some slowdowns, Texas' economic position remains strong. Our diversified economy has helped buffer the national downturn, and we can still boast many strong economic indicators, because negative forces in the national economy have not substantially affected Texas. Our state's economy remains open for business. And Texas continues to grow, generating new jobs and

providing better opportunities for its citizens to prosper.

It is important to all Texans that the state continues its economic growth and discovers new opportunities. And the role of state government is to create an environment in which this can happen.

The Texas Comptroller's office analyzes factors affecting the state's economy and uses this information to prepare its biennial forecast of state revenue. To perform this task, the agency's economists keep their fingers on the pulse of the state, detecting changes as they occur and identifying trends that will affect our common future.

Since January 2008, the Comptroller has released three reports in the Texas in Focus



Tyler Municipal Rose Garden

PHOTO: Tyler Rose Museum



series. *Texas in Focus: A Statewide View of Opportunities* examined issues affecting the state and its economy as a whole. Following that began our individual reports on each of the 12 economic regions of Texas, starting with the High Plains and South Texas. These reports provide detailed data and analysis specific to those regions, giving local leaders an in-depth look at their area.

This third report in the series, *Texas in Focus: Upper East Texas*, examines issues affecting this economic region of Texas, which includes the North East Texas and East Texas Councils of Governments. The Upper East Texas region consists of 23 counties in the Northeast corner of the state and includes the cities of Longview, Texarkana and Tyler (**Exhibit 1**).

The report provides information on the forces driving change in Upper East Texas, and examines factors that may affect the development of its economy. State leaders, county and city officials, chambers of commerce, economic development corporations and many others can use this report to stay on top of important issues as they work to keep their local economies thriving. Areas explored in this report include:

Economic Development

The Upper East Texas region's economic outlook is good, growing at a strong and steady rate paralleling the state's economic outlook. The region's rate of job growth should track with the state's growth through 2012, with Longview, Texarkana and Tyler experiencing the most growth. Regional industries such as financial services, professional and business services, leisure and

hospitality, construction, and educational and health services all will realize 20 to 40 percent job growth by 2012.

Demographics

The Upper East Texas region's population is growing at a steady rate, at about half of the state average. The region is much more rural than Texas as a whole. In 2007, metropolitan counties accounted for just 46 percent of the region's population. By contrast, 87 percent of all Texas residents lived in metro areas in 2007. Its population is relatively mature, with a much larger share of residents over the age of 65 than in the state as a whole. The region is home to several certified retirement communities and should see a large number of people from both inside and outside the region spending their retirement years there.

Infrastructure

Upper East Texas has abundant natural resources. It has good water supplies; substantial coal, oil and natural gas deposits; and an extensive air, road and rail transportation system. The region also has some of Texas' most unique and entertaining parks and recreational facilities, including Caddo Lake, Texas' only natural lake, and the Texas State Railroad. But as with the rest of the state, it faces challenges in maintaining and expanding its infrastructure to meet its residents' needs.

Health Care

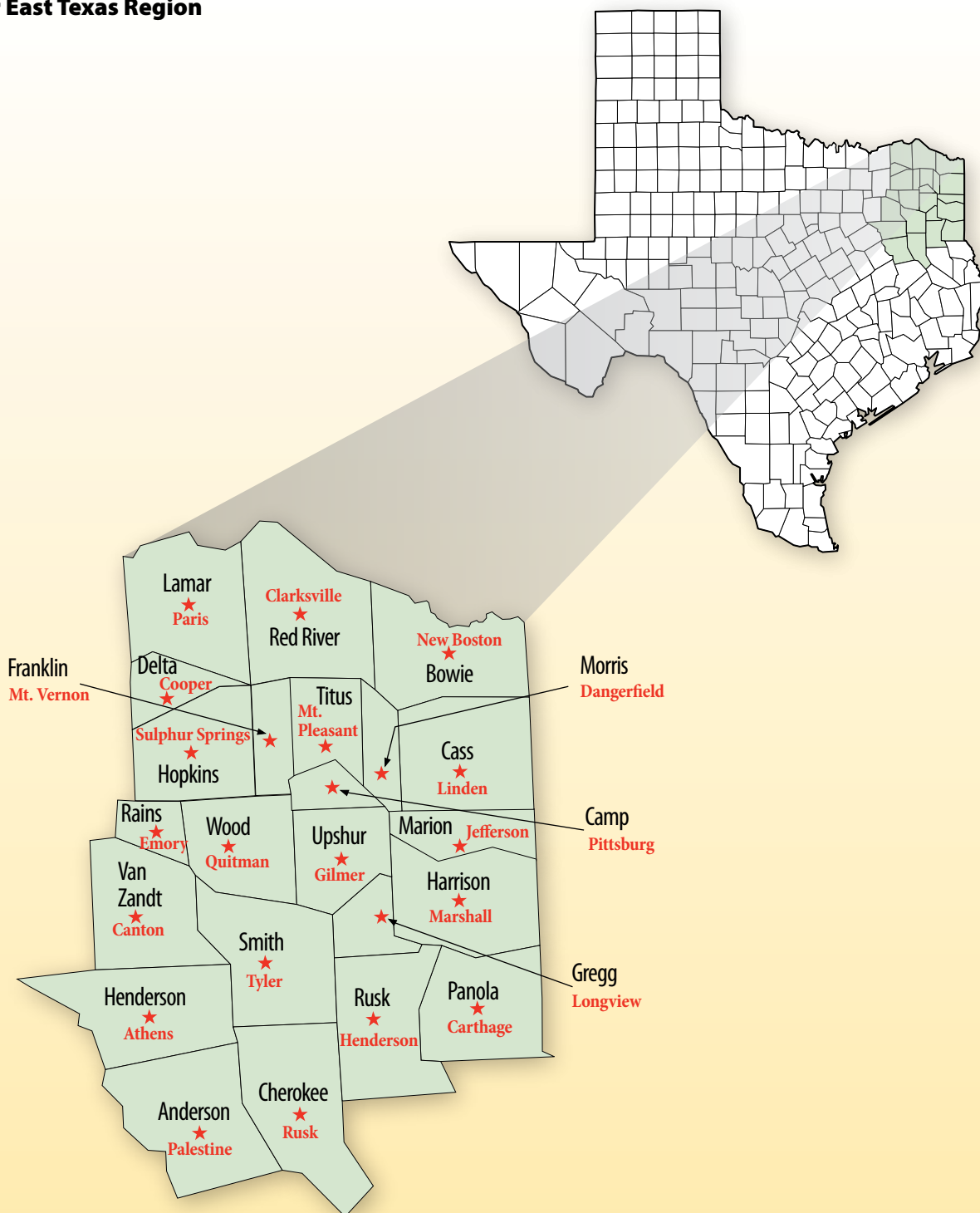
Upper East Texas is served by 40 hospitals and several rural clinics. Like many areas in Texas, the region faces a shortage of trained health care professionals, but several hospi-

The Upper East Texas region's economic outlook is good, growing at a strong and steady rate paralleling the state's economic outlook.



Exhibit 1

Upper East Texas Region



Source: Texas Comptroller of Public Accounts.



tals and institutions of higher education have programs geared toward increasing the area's number of trained and licensed health care professionals. The region has higher numbers of uninsured residents and a higher-than-average prevalence of heart disease. However, the region's health care institutions and community leaders are actively working toward improving the accessibility and quality of health care in the area.

Education

Upper East Texas has a higher percentage of Academically Acceptable school districts and campuses than the statewide average and a lower percentage of Academically Unacceptable campuses. The region also offers 17 institutions of higher education, including schools affiliated with the Texas A&M (Texarkana) and University of Texas (Tyler) systems, seven community colleges, six private universities and two private two-year colleges.



Economic Development

The Upper East Texas region stretches from the serene expanses of the pine forests bordering Arkansas and Louisiana to the energetic eastern fringe of the Dallas-Fort Worth Metroplex. This varied landscape is echoed in the mosaic of industries that fuel the region's growth.

Agriculture has traditionally anchored the Upper East Texas economy. Agricultural enterprises such as horticulture, timber and the dairy industry have remained robust, while value-added activities such as food processing and food distribution have evolved to support them.

Transportation also has played a pivotal role in the area's economy. Industries including the manufacture of railroad rolling stock (locomotives, railcars, coaches and wagons), tires and motor vehicle bodies, as well as various services that support transportation, have relatively high concentrations of employment in Upper East Texas. Distribution, warehousing and storage services also have found a niche in this region.

Economic Trends

Exhibit 2 displays the increase in employment expected for the Upper East Texas region, its urban and rural areas and the state of Texas as a whole from 2002 to 2012. These expected changes are presented in the form of growth indices, using 2002 as the base year with an index equal to 100.

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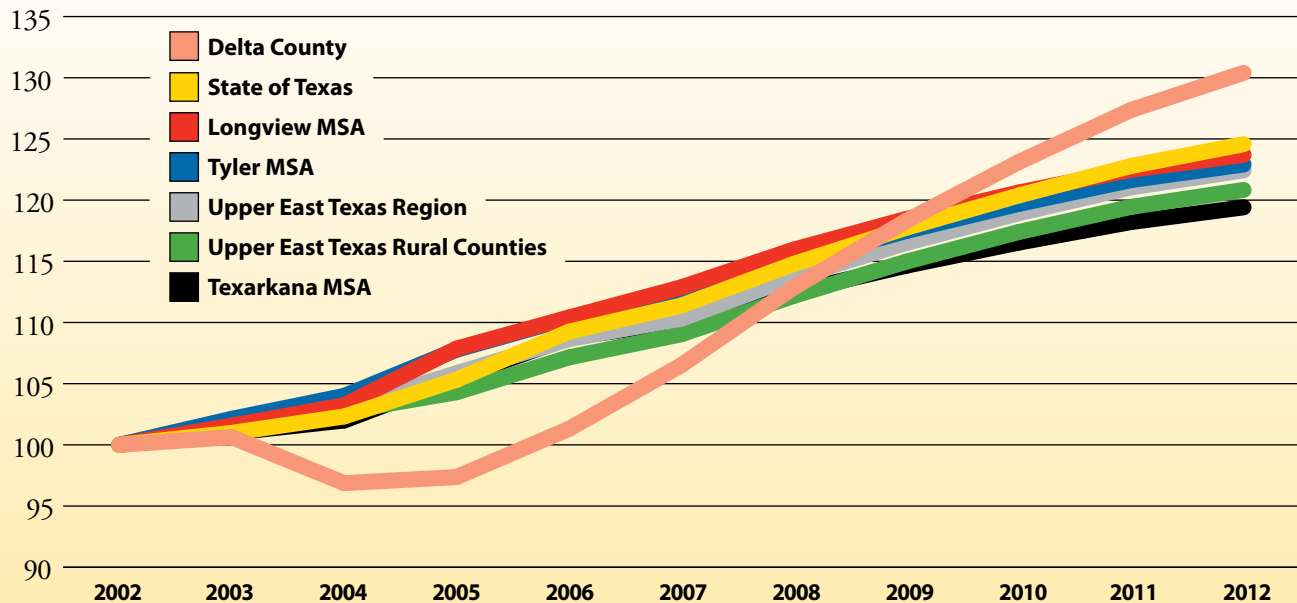


East Texas timber near Mt. Pleasant

PHOTO: Courtesy of James Taylor Timber.com

Exhibit 2

Upper East Texas Region Employment Indices, 2002-2012



Source: Economic Modeling Specialists Inc.

Among the three metropolitan statistical areas (MSAs) that comprise Upper East Texas, the Longview MSA will experience the largest job growth rate through 2012, at 23.7 percent. The MSAs of Tyler and Texarkana will realize employment growth rates of 22.9 percent and 19.4 percent, respectively.

Delta County, the only county in the region that is part of the Dallas-Fort Worth-Arlington MSA, is expected to experience the region's highest job growth. From 2002 to 2012, the county is expected to increase its number of jobs from 2,207 in 2002 to 2,878 in 2012, a 30.4 percent increase.

In all, however, employment growth in the region and its rural counties will parallel the state's. Between 2002 and 2012, employment in Texas is expected to increase by 24.6 percent. The region as a whole and its rural

counties are expected to undergo job growth at rates of 22.4 percent and 20.8 percent, respectively.

Exhibit 3 provides a more detailed picture of projected employment growth in Upper East Texas. It displays growth indices, again with 2002 as the base year, for various industries in the region. Employment numbers for these industries are presented at the 11-industry "supersector" level of the North American Industry Classification System (NAICS).¹

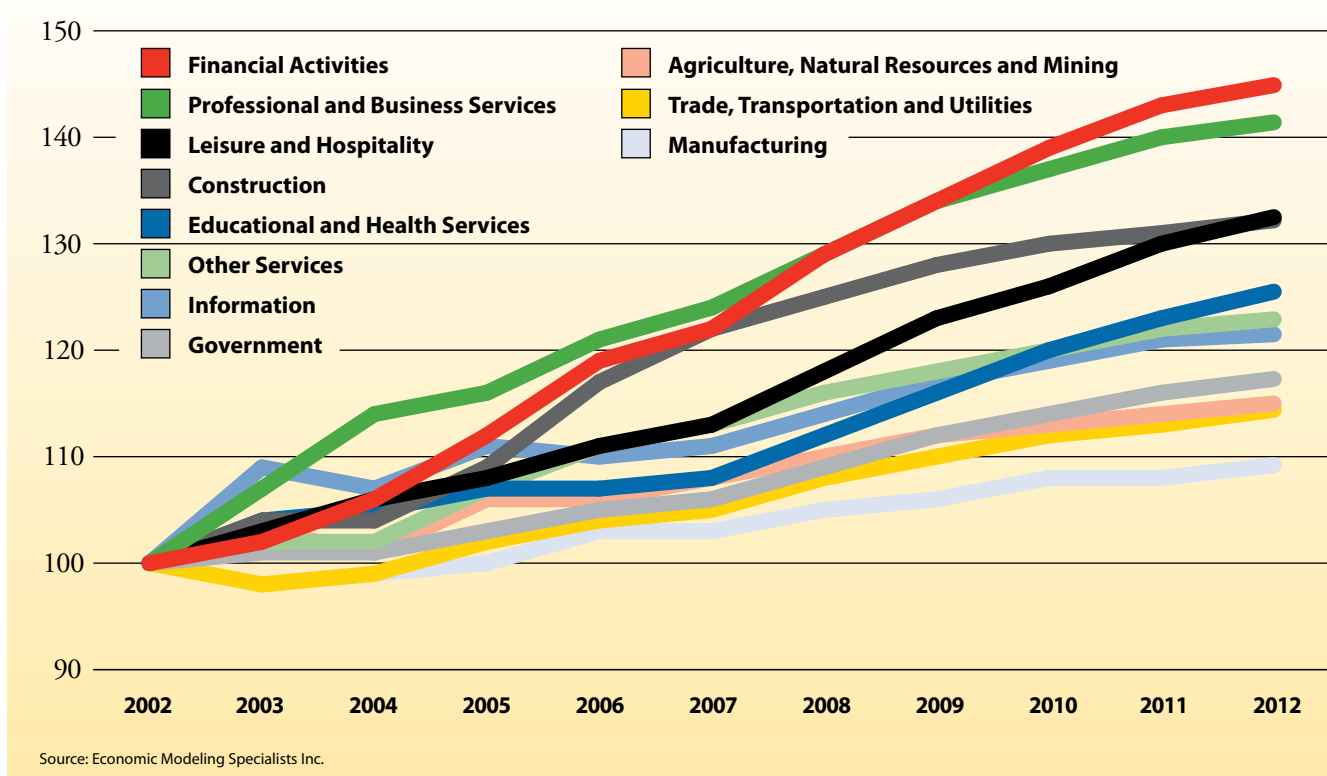
A supersector, as identified by a two-digit NAICS code, represents an aggregation of industries producing related goods and services. At this level, industries are classified into either goods-producing or service-producing supersectors. The goods-producing group comprises three supersectors pertaining to

The region as a whole and its rural counties are expected to undergo job growth at rates of 22.4 percent and 20.8 percent, respectively.



Exhibit 3

Upper East Texas Region Employment by Industry Sector, 2002-2012



Rose Capital of the Nation

Tyler, sometimes called the “Rose Capital of the Nation,” is the center of an industry that began in the 19th century. The first rose plant was sold there in 1879, and the first trainload of plants was shipped out of the region in 1917. About one-fifth of all commercial rose bushes produced in the U.S. are grown in Smith County, while more than half of the nation’s rose bushes are packaged and shipped from this area.

Smith County has several advantages in producing roses, including sandy acid soils, relatively abundant rainfall and mild winters. In addition, Tyler is centrally located in the U.S., and its proximity to major transportation corridors has encouraged the industry’s development.

Today, fewer than 25 growers produce about 5 million plants annually on about 500 acres within a 30-mile radius of Tyler. The total wholesale value of the rose plant production and processing industries in the Upper East Texas region is currently estimated at \$50 million per year, accounting for about a third of the estimated \$150 million in ornamental plant production found in and around the Tyler area.

Due to the impact roses have on Tyler, it is not surprising that the city is known as the “City of Roses” and that it is home to the nation’s largest municipal rose garden. From late April until early November, the Tyler Municipal Rose Garden blooms with nearly 40,000 rose bushes exhibiting some 500 varieties of roses. More than 100,000 people from around the world visit the rose garden annually. Tyler also has an annual rose festival and a rose museum to entertain and educate enthusiasts.

Sources: City of Tyler, Texas and Tyler Rose Museum.



Horticulture Industry

Upper East Texas' horticulture industry is booming. According to the Texas A&M University System's Texas AgriLife Extension Service, the region is home to several horticultural industries including the production of field roses, woody nursery stock and greenhouse bedding plants.

In 2001, the estimated production value of these nursery crops in Smith, Cherokee, Henderson and Van Zandt counties was \$245 million, accounting for about 20 percent of Texas' total production of nursery crops. In addition, the region's wholesale nursery producers supply more than 25 percent of the current nursery stock in Texas and serve 25 other states with quality nursery products as well.

Based on sales data obtained from the Texas AgriLife Extension Service, horticultural producers in the Upper East Texas region generated sales of \$932.5 million in 2007. Nearly 65 percent of this amount represented sales to retailers. Smith and Bowie counties accounted for more than 52 percent of total sales (27.9 percent and 24.8 percent, respectively). Gregg (8.3 percent), Anderson (8.2 percent) and Van Zandt (6.9 percent) counties rounded off the top five counties in the region in terms of horticultural sales. In all, these five counties comprise a little more than three-quarters of the region's horticultural sales.

natural resources and mining, construction and manufacturing. The service-producing group comprises eight supersectors providing services ranging from trade, transportation and utilities to information, finance, education, health and government.

The financial activities sector, which includes the finance, insurance and real estate industries, should experience the most significant employment growth between 2002 and 2012, at 44.9 percent.

Professional and business services and the leisure and hospitality sectors will post significant employment growth rates as well, at 41.4 percent and 32.5 percent, respectively. Other regional industries anticipating positive job growth rates by 2012 include the construction sector (32.2 percent), the educational and health services sector (25.5 percent) and the "other services" sector (22.9 percent).²

Among the 11 supersectors covered in **Exhibit 3**, only manufacturing will exhibit less than double-digit employment growth rates

between 2002 and 2012. The supersector is expected to grow by just 9.2 percent.

Economic Structure

All job growth depends upon the region's underlying economic structure. That structure includes multiple factors, including natural resources, labor force characteristics and the composition and concentration of the region's industries. This latter characteristic, which is also called *clustering*, is particularly important since industry clusters give firms within them access to more suppliers and skilled laborers and valuable knowledge and information.³ The benefits that result from high industry concentrations give a region its competitive edge.⁴

One tool that can be used to identify industry concentration is the "location quotient." The location quotient identifies industry concentration by comparing the share of a region's economy attributable to a specific industry to the share that same industry accounts for in the nation's economy.



Dairy Industry

Dairy is big business in the Upper East Texas region, particularly in Hopkins County, where the dairy industry dates back to the early 1900s. From 1940 to 1990, Hopkins County was known as the Dairy Capital of Texas. During its peak, Hopkins County had more than 600 Grade A dairies.

Today, only about 150 Grade A dairies remain in the county. Still, the county's dairies produced more than 500 million pounds of milk in 2007, ranking it among the state's top five milk-producing counties. At current prices, Hopkins County's milk output for this year should translate to \$119 million in sales.

The Hopkins County seat of Sulphur Springs is home to the Southwest Dairy Center and Museum, which is supported by dairy farmers from six states, and holds an annual dairy festival and ice cream freeze-off each June. Neighboring Franklin County is home to the Deal family dairy. Their Jersey dairy herd is famous for producing the Borden Milk Company's mascot Elsie.

According to the Texas Workforce Commission, the region's dairy products manufacturers, Keller's Creamery and Sulphur Springs Cultured Specs, employed more than 150 people and recorded more than \$150 million in sales in 2007.⁵

In essence, the share an industry accounts for in the national economy is seen as the "norm" for that industry, so comparing that norm with its share of a regional economy indicates whether that region tends to have "a lot" or "a little" of a particular industry. Typically, a region will contain "a lot" of industries for which it has some natural or developed competitive advantage, based for instance on a local abundance of a particular resource, climate, an advantageous natural feature (such as proximity to a port), labor skills or some other factor.

A location quotient greater than one signifies that the region has a high concentration of employment in the industry compared to the same industry at the national level. This means that the region is "specialized" in that particular industry. A location quotient of less than one indicates that the region's concentration in the industry is under or less than that of the same industry at the national level. In essence, the region is less specialized in that given industry.

Exhibit 4 lists industries in the Upper East Texas region with location quotients

that exceed one, which signifies that they are specialized, based on 2007 employment. These industries are grouped according to their respective NAICS supersectors and are ranked from the highest to lowest location quotient for each supersector.⁶

The location quotients for these industries ranged in value from 1.15 for mobile food services to 23.02 for the railroad rolling stock manufacturing industry. In the case of mobile food services, the level of employment in this Upper East Texas industry is 15 percent higher than its national counterpart. The railroad rolling stock manufacturing industry, by contrast, has 23 times more workers than the same industry at the national level.

Most Competitive Industries

While location quotients provide important information on regional industry concentrations, the portrait they paint is only a snapshot, a static measure for a particular point in time. To assess the competitive resilience of a regional industry, a more dynamic

Exhibit 4

**Largest Industry Location Quotients
Upper East Texas Region, 2007**
Agriculture, Natural Resources and Mining

NAICS Code	Description	2007 Jobs	2007 LQ
21311	Support activities for mining	9,676	9.76
11311	Timber tract operations	189	7.74
21111	Oil and gas extraction	9,512	7.62
21211	Coal mining	1,173	4.44
11A00	Crop and animal production	32,576	3.42
11331	Logging	1,171	2.69

Construction

NAICS Code	Description	2007 Jobs	2007 LQ
23712	Oil and gas pipeline construction	1,614	5.10
23621	Industrial building construction	1,359	2.01

Manufacturing

NAICS Code	Description	2007 Jobs	2007 LQ
33651	Railroad rolling stock manufacturing	2,190	23.02
32511	Petrochemical manufacturing	1,601	17.30
33341	HVAC and commercial refrigeration equipment	3,480	6.63
32229	Other converted paper product manufacturing	1,064	6.55
33111	Iron and steel mills and ferroalloy mfg.	1,854	5.73
33621	Motor vehicle body and trailer manufacturing	2,941	5.18
33312	Construction machinery manufacturing	1,320	5.02
32192	Wood container and pallet manufacturing	1,082	4.96
33242	Metal tank, heavy gauge, manufacturing	494	4.81
32711	Pottery, ceramics, and plumbing fixture mfg.	382	4.77
33151	Ferrous metal foundries	1,406	4.65
32621	Tire manufacturing	837	4.26
32791	Abrasive product manufacturing	159	4.19
31161	Animal slaughtering and processing	6,919	4.17
31599	Accessories and other apparel manufacturing	289	3.90
33311	Agricultural implement manufacturing	947	3.65
32712	Clay building material and refractories mfg.	459	3.57
31142	Fruit and vegetable canning and drying	935	3.12
33299	All other fabricated metal product mfg.	1,838	2.80
33313	Mining and oil and gas field machinery mfg.	633	2.75
32412	Asphalt paving and roofing materials mfg.	213	2.22
33231	Plate work and fabricated structural products	1,377	2.19
32111	Sawmills and wood preservation	885	2.15
33995	Sign manufacturing	410	1.28



Exhibit 4 (cont.)

**Largest Industry Location Quotients
Upper East Texas Region, 2007**
Trade, Transportation and Utilities

NAICS Code	Description	2007 Jobs	2007 LQ
48821	Support activities for rail transportation	582	6.88
42452	Livestock merchant wholesalers	366	4.94
22131	Water supply and irrigation systems	532	4.22
44521	Meat markets	663	3.75
45393	Manufactured, mobile, home dealers	332	3.53
48611	Pipeline transportation of crude oil	74	2.93
42471	Petroleum bulk stations and terminals	307	2.77
42493	Nursery and florist merchant wholesalers	470	2.22
45291	Warehouse clubs and supercenters	7,911	2.22
42443	Dairy product merchant wholesalers	289	2.06

Financial Activities

NAICS Code	Description	2007 Jobs	2007 LQ
52592	Trusts, estates, and agency accounts	832	7.53
52519	Other insurance funds	903	4.56
52591	Open-end investment funds	691	3.30

Professional and Business Services

NAICS Code	Description	2007 Jobs	2007 LQ
54136	Geophysical surveying and mapping services	173	2.23

Education and Health Services

NAICS Code	Description	2007 Jobs	2007 LQ
62161	Home health care services	12,260	3.22

Leisure and Hospitality

NAICS Code	Description	2007 Jobs	2007 LQ
72233	Mobile food services	47	1.15

Source: Economic Modeling Specialists Inc.

measure is needed. One such measure is “shift-share analysis.”

In this analysis, the change in an industry’s presence in a region is divided into three components: the portion attributable to the overall growth or decline in the nation’s economy (the national growth effect); that attributable to the industry’s national level growth or decline above or below the

national growth trend (the industry mix effect); and that attributable to the region’s competitiveness as a site for the industry (the regional competitiveness effect).

Exhibit 5 lists the most competitive industries in the Upper East Texas region, based on shift-share analysis.⁸ The industries are ranked based on their employment change in the regional competitiveness effect component



Red River Army Depot

The Red River Army Depot (RRAD) was established in August 1941 and was originally intended solely for ammunition storage. But the demands of the war, a healthy labor market, good roads and rail connections and its proximity both to military training areas and southern ports prompted the federal government to expand the depot's mission to include general supply storage and tank repair. Today, RRAD occupies more than 18,000 acres, making it one of the U.S. Army Materiel Command's largest supply and maintenance installations. With the adjacent Lone Star Army Ammunition Plant, the combined installations cover more than 54 square miles.

RRAD has about 600,000 square feet of space for maintenance operations and employs more than 4,300 people. Located 15 miles west of the city of Texarkana in Bowie County, RRAD is one of the region's largest employers. RADD consists of 16 different military and civilian organizations working together to manufacture, repair, refurbish, certify, store and ship equipment and ammunition to America's military personnel throughout the world.

The depot's vast industrial complex can completely overhaul and remanufacture combat systems and tactical vehicles. The flexibility and responsiveness of RRAD's work force, equipment and facilities give the depot a competitive edge within the defense industry and ensure that it will continue to play an important role in national defense.

The depot provides a significant economic impact to the region. In a report from the U.S. Department of Defense's on the Base Realignment and Closure process, the department estimated that 4,175 jobs are dependent upon the operation of the depot.⁷

(and thus the industry's comparative advantage in the region) between 2002 and 2007, and grouped based on their respective NAICS supersectors.

Based on the information presented in **Exhibit 5**, the most competitive industry in Upper East Texas is the "all other specialty trade contractor" industry, which includes businesses that construct outdoor swimming pools, fences, parking lots, pavements and driveways. A total of 1,502 positions of the 2,258-employee increase in this industry are attributable to the region's competitiveness in this industry.

The regional competitiveness effect also played a significant role in employment growth in transportation-related industries such as the general and the refrigerated warehousing and storage industries. These industries are ranked second and fourth, respectively, in terms of competitive effect employment

growth. In fact, this effect accounted for more than 90 percent of the change in industry employment from 2002 to 2007.

According to the exhibit, support activities for mining ranked third, with the regional competitiveness effect accounting for 1,465 of a 4,522-position change in employment.⁹ The majority of this change in employment, however, is not attributable to the competitiveness effect. Instead, about 58 percent (2,634 jobs) of this change in employment is due to the industry mix effect. This means that employment growth in this regional industry is largely due to the fact that the industry grew nationally at a faster rate than the overall economy from 2002 to 2007.

Good Jobs for the Future

Shift-share analysis can identify the region's most competitive industries — those that

The most competitive industry in Upper East Texas is the "all other specialty trade contractor" industry, which includes businesses that construct outdoor swimming pools, fences, parking lots, pavements and driveways.



Exhibit 5

**Most Competitive Industries
Upper East Texas Region, 2007**
Agriculture, Natural Resources and Mining

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
3	21311	Support activities for mining	423	2,634	1,465	4,522
25	21111	Oil and gas extraction	633	726	441	1,800

Construction

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
1	23899	All other specialty trade contractors	189	567	1,502	2,258
10	23712	Oil and gas pipeline construction	55	69	826	950
12	23829	Other building equipment contractors	35	65	751	851
43	23711	Water and sewer system construction	50	46	261	357

Manufacturing

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
8	33651	Railroad rolling stock manufacturing	82	203	910	1,195
14	32511	Petrochemical manufacturing	93	(292)	674	475
19	33329	Other industrial machinery manufacturing	29	(60)	543	512
24	33232	Ornamental and architectural metal products	46	(27)	454	473
33	32121	Plywood and engineered wood product mfg.	35	(21)	346	360
37	33611	Automobile and light truck manufacturing	0	(1)	317	316
38	33311	Agricultural implement manufacturing	52	(54)	313	311
44	33999	All other miscellaneous manufacturing	34	(50)	261	245
45	33621	Motor vehicle body and trailer manufacturing	196	102	255	553
47	33351	Metalworking machinery manufacturing	10	(21)	255	244
50	33341	HVAC and commercial refrigeration equipment	281	(462)	246	65

Trade, Transportation and Utilities

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
2	49311	General warehousing and storage	22	62	1,481	1,565
4	49312	Refrigerated warehousing and storage	0	0	1,356	1,356
7	44411	Home centers	169	331	912	1,412
13	48422	Other specialized trucking, local	79	6	679	764
17	48411	General freight trucking, local	118	50	563	731

Exhibit 5 (cont.)

**Most Competitive Industries
Upper East Texas Region, 2007**

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
27	44611	Pharmacies and drug stores	156	(46)	433	543
28	22111	Electric power generation	145	(335)	419	229
30	42383	Industrial machinery merchant wholesalers	105	(102)	393	396
32	48511	Urban transit systems	5	(1)	377	381
34	42441	General line grocery merchant wholesalers	34	(17)	329	346
39	48621	Pipeline transportation of natural gas	8	(18)	311	301
46	45111	Sporting goods stores	43	25	255	323
48	48423	Other specialized trucking, long-distance	45	35	253	333
49	44521	Meat markets	35	(53)	249	231

Information

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
41	51711	Wired Telecommunications Carriers	140	(515)	292	(83)

Financial Activities

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
15	52399	All other financial investment activities	31	(79)	635	587
16	52211	Commercial banking	432	(122)	589	899
23	52592	Trusts, estates and agency accounts	19	119	468	606
36	52519	Other insurance funds	47	(35)	323	335
42	53241	Heavy machinery rental and leasing	38	93	287	418

Professional and Business Activities

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
6	56142	Telephone call centers	83	(23)	1,147	1,207
18	56172	Janitorial services	294	116	555	965
21	55111	Management of companies and enterprises	247	(62)	482	667
22	56111	Office administrative services	80	318	477	875
26	54161	Management consulting services	126	200	441	767
35	56199	All other support services	30	8	326	364
40	56211	Waste collection	17	44	301	362



Exhibit 5 (cont.)

**Most Competitive Industries
Upper East Texas Region, 2007**
Education and Health Services

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
9	62231	Other (Specialty) hospitals	41	60	884	985
29	61151	Technical and trade schools	13	18	395	426

Leisure and Hospitality

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
20	72211	Full-service restaurants	839	429	515	1,783
31	71391	Golf courses and country clubs	65	93	385	543

Other Services

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
11	81411	Private households	674	1,823	817	3,314

Government

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change
5	91100	Federal government, civilian, except postal service	294	(66)	1,223	1,451

Source: Economic Modeling Specialists Inc.

possess the best chances for increased employment opportunities. What types of occupations can Upper East Texans expect to find within these industries? **Exhibit 6** presents a list of “good jobs” for the region’s future, grouping them based on their educational requirements.

Occupations requiring doctoral and professional degrees command the highest median annual earnings, with a weighted average of \$97,966 for the region. Occupations requiring both a college degree and work experience provide the second-highest median annual earnings, with a weighted average of \$71,903. Occupations requiring a master’s degree provide the third-highest median

annual earnings, with a weighted average median wage of \$60,680 annually.

In the Upper East Texas region, occupations requiring postsecondary vocational training provide median annual earnings of

Orgill, Inc.

In 2006, Orgill Inc. selected Kilgore as the site for its sixth distribution center. Orgill provides more than 60,000 lawn, garden and building supply products to small retail stores and individual customers. Its distribution center, expected to be fully operational by the first quarter of 2008, will occupy more than 530,000 square feet on a 65.2-acre plot of land in Kilgore’s Synergy Industrial Park. The facility will employ at least 100 workers when opened and should more than triple its employment numbers to over 300 in the next five years.

Source: Texas Economic Development Council.

Exhibit 6

"Good Jobs"
Upper East Texas Region, 2007-2012

Doctoral and First Professional Degrees	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Physicians and surgeons	2,178	2,415	344	237	107	\$217,859
Orthodontists	26	29	6	3	3	159,203
Prosthodontists	21	23	4	2	2	151,237
Oral and maxillofacial surgeons	24	26	4	2	2	144,165
Dentists, all other specialists	23	26	5	3	2	136,406
Medical scientists, except epidemiologists	202	232	60	30	30	113,741
Pharmacists	760	890	196	130	66	107,287
Dentists, general	175	190	31	15	16	105,781
Lawyers	1,296	1,457	216	161	55	100,701
Veterinarians	190	228	50	38	12	75,430
Chiropractors	92	108	21	16	5	62,046
Optometrists	118	140	29	22	7	57,096
Audiologists	43	49	8	6	2	55,913
Clinical, counseling and school psychologists	312	360	58	48	10	54,337
Podiatrists	75	86	13	11	2	51,251
Postsecondary teachers	3,333	3,910	829	577	252	50,600
Total	8,868	10,169	1,874	1,301	573	
Weighted Average Annual Earnings						\$97,966

Master's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Geoscientists, except hydrologists and geographers	439	509	123	70	53	\$90,461
Physical therapists	700	853	189	153	36	72,344
Occupational therapists	361	436	99	75	24	66,067
Instructional coordinators	388	449	85	61	24	53,965
Counselors, all other	328	369	70	41	29	50,067
Speech-language pathologists	575	654	129	79	50	49,579
Curators	21	24	7	3	4	48,654
Educational, vocational and school counselors	754	848	162	94	68	48,180
Librarians	418	456	92	38	54	45,139
Urban and regional planners	22	24	5	2	3	37,458
Total	4,006	4,622	961	616	345	
Weighted Average Annual Earnings						\$60,680

Degree Plus Work Experience	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Chief executives	4,554	5,241	759	687	72	\$94,464



Exhibit 6 (cont.)

**“Good Jobs”
Upper East Texas Region, 2007-2012**

Degree Plus Work Experience	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Engineering managers	342	371	62	29	33	93,059
Natural sciences managers	38	41	7	3	4	83,878
Marketing managers	302	337	53	35	18	82,002
Public relations managers	63	69	11	6	5	79,652
Computer and information systems managers	281	311	49	30	19	77,060
Sales managers	628	694	120	66	54	75,914
Human resources managers, all other	44	48	6	4	2	74,714
Compensation and benefits managers	112	123	20	11	9	74,690
Advertising and promotions managers	62	65	7	3	4	73,615
Financial managers	1,420	1,643	286	223	63	73,219
Education administrators, postsecondary	292	329	53	37	16	72,999
Purchasing managers	85	93	20	8	12	72,553
General and operations managers	7,136	7,643	1,256	507	749	71,483
Training and development managers	51	56	8	5	3	71,455
Administrative services managers	718	793	165	75	90	68,746
Medical and health services managers	1,222	1,378	244	156	88	62,778
Education administrators, elementary and secondary school	1,022	1,134	232	112	120	61,165
Vocational education teachers, secondary school	512	539	115	27	88	43,952
Management analysts	1,586	1,843	297	257	40	40,979
Vocational education teachers, middle school	109	116	22	7	15	40,697
Producers and directors	169	204	49	35	14	40,221
Total	20,748	23,071	3,841	2,323	1,518	
Weighted Average Annual Earnings						\$71,903

Bachelor's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Physical scientists, all other	28	30	3	2	1	\$138,121
Securities, commodities and financial services sales agents	1,792	2,300	556	508	48	88,080
Physician assistants	166	200	45	34	11	86,994
Chemical engineers	97	106	21	9	12	85,308
Sales engineers	103	119	28	16	12	84,054

Exhibit 6 (cont.)

“Good Jobs”
Upper East Texas Region, 2007-2012

Bachelor's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Computer software engineers, applications	225	273	59	48	11	83,315
Health and safety engineers, except mining safety engineers and inspectors	75	78	12	3	9	75,124
Electrical engineers	315	344	63	29	34	74,104
Electronics engineers, except computer	137	150	26	13	13	73,511
Petroleum engineers	249	288	69	39	30	72,233
Civil engineers	491	535	88	44	44	71,319
Mechanical engineers	328	360	64	32	32	69,374
Industrial engineers	296	358	97	62	35	65,640
Engineers, all other	170	182	20	12	8	60,834
Chemists	74	82	17	8	9	60,824
Computer systems analysts	416	482	109	66	43	60,684
Biological scientists, all other	43	47	8	4	4	59,973
Architects, except landscape and naval	242	262	28	20	8	59,904
Environmental engineers	46	51	11	5	6	58,732
Surveyors	180	206	51	26	25	55,690
Database administrators	121	141	25	20	5	52,852
Financial analysts	584	758	177	174	3	52,567
Accountants and auditors	3,633	3,953	503	320	183	50,951
Logisticians	106	122	24	16	8	50,516
Construction managers	3,115	3,380	321	265	56	49,615
Computer programmers	630	649	80	19	61	49,066
Network and computer systems administrators	502	583	132	81	51	47,783
Loan officers	558	608	77	50	27	47,154
Network systems and data communications analysts	275	337	77	62	15	46,950
Market research analysts	391	423	41	32	9	46,487
Medical and clinical laboratory technologists	657	715	107	58	49	46,486
Compensation, benefits and job analysis specialists	232	260	49	28	21	45,465
Athletic trainers	42	48	10	6	4	45,234
Tax examiners, collectors, and revenue agents	116	125	24	9	15	44,866
Business operation specialists, all other	1,552	1,785	308	233	75	44,733
Public relations specialists	390	436	56	46	10	44,248
Credit analysts	106	111	25	5	20	43,947



Exhibit 6 (cont.)

“Good Jobs”
Upper East Texas Region, 2007-2012

Bachelor's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Medical and public health social workers	399	478	118	79	39	42,565
Secondary school teachers, except special and vocational education	4,725	5,188	1,167	463	704	42,501
Special education teachers, secondary school	295	327	65	32	33	41,591
Human resources, training and labor relations specialists, all other	241	282	60	41	19	41,370
Dietitians and nutritionists	149	165	29	16	13	41,263
Occupational health and safety specialists	115	126	22	11	11	40,686
Special education teachers, preschool, kindergarten and elementary school	472	548	128	76	52	40,516
Middle school teachers, except special and vocational education	3,597	4,042	835	445	390	40,407
Conservation scientists	71	69	4	-2	6	40,209
Special education teachers, middle school	212	244	56	32	24	40,006
Elementary school teachers, except special education	6,187	7,011	1,477	824	653	39,576
Kindergarten teachers, except special education	833	950	182	117	65	38,629
Social and community service managers	370	412	67	42	25	38,131
Employment, recruitment and placement specialists	282	312	55	30	25	37,671
Total	36,431	41,041	7,676	4,610	3,066	
Weighted Average Annual Earnings						\$49,325

Associate's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Nuclear medicine technologists	39	42	5	3	2	\$65,635
Diagnostic medical sonographers	98	111	19	13	6	58,759
Dental hygienists	347	408	94	61	33	55,876
Geological and petroleum technicians	76	82	20	6	14	52,993
Engineering technicians, except drafters, all other	122	133	23	11	12	52,282
Registered nurses	9,275	10,761	2,240	1,486	754	51,766
Physical therapist assistants	272	336	81	64	17	50,819
Occupational therapist assistants	92	110	25	18	7	50,242
Environmental science and protection technicians, including health	161	185	54	24	30	49,922

Exhibit 6 (cont.)

“Good Jobs”
Upper East Texas Region, 2007-2012

Associate's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Electrical and electronic engineering technicians	413	446	72	33	39	47,836
Cardiovascular technologists and technicians	94	107	19	13	6	45,471
Radiologic technologists and technicians	974	1,084	176	110	66	45,228
Respiratory therapists	431	500	101	69	32	43,333
Funeral directors	145	150	22	5	17	42,483
Industrial engineering technicians	209	236	47	27	20	38,088
Respiratory therapy technicians	191	195	33	4	29	37,428
Total	12,939	14,886	3,031	1,947	1,084	
Weighted Average Annual Earnings						\$50,673

Postsecondary Vocational Award	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Commercial pilots	155	171	31	16	15	\$54,454.60
Electrical and electronics repairers, commercial and industrial equipment	238	264	66	26	40	47,735.70
Electrical and electronics drafters	122	132	25	10	15	44,596.00
Occupational health and safety technicians	65	71	12	6	6	44,585.33
Healthcare technologists and technicians, all other	230	257	35	27	8	40,583.87
Aircraft mechanics and service technicians	561	615	81	54	27	40,204.00
Mechanical drafters	263	291	63	28	35	38,493.22
Architectural and civil drafters	361	390	77	29	48	37,440.54
Total	1,995	2,191	390	196	194	
Weighted Average Annual Earnings						\$42,239.81

Long-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Claims adjusters, examiners and investigators	353	374	54	21	33	\$59,438.27
Gas plant operators	194	201	43	7	36	56,390.62
Petroleum pump system operators, refinery operators and gaugers	163	174	44	11	33	52,280.00
Telecommunications line installers and repairers	982	1,046	182	64	118	49,884.89
Compliance officers, except agriculture, construction, health and safety and transportation	175	189	23	14	9	46,243.14
Crane and tower operators	130	141	21	11	10	40,994.56



Exhibit 6 (cont.)

**“Good Jobs”
Upper East Texas Region, 2007-2012**

Long-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Tool and die makers	219	239	45	20	25	40,706.50
Electrical power-line installers and repairers	907	990	223	83	140	39,686.40
Telecommunications equipment installers and repairers, except line installers	565	589	84	24	60	38,847.45
Numerical tool and process control programmers	89	98	18	9	9	38,682.00
Millwrights	301	362	79	61	18	37,759.25
Plumbers, pipefitters and steamfitters	1,074	1,170	174	96	78	37,629.44
Coaches and scouts	377	431	91	54	37	37,358.69
Brickmasons and blockmasons	357	374	38	17	21	37,353.00
Total	5,886	6,378	1,119	492	627	
Weighted Average Annual Earnings						\$42,832.16

Moderate-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Sales representatives, wholesale and manufacturing, technical and scientific products	1,139	1,268	200	129	71	\$84,985.48
Rotary drill operators, oil and gas	299	333	57	34	23	48,826.00
Cargo and freight agents	164	182	40	18	22	43,934.00
Sales representatives, services, all other	1,324	1,548	302	224	78	42,550.30
Sales representatives, wholesale and manufacturing, except technical and scientific products	4,719	5,226	971	507	464	42,440.96
Advertising sales agents	483	561	113	78	35	39,087.33
Precision instrument and equipment repairers, all other	69	71	9	2	7	37,840.00
Derrick operators, oil and gas	256	286	50	30	20	37,208.00
Total	8,453	9,475	1,742	1,022	720	
Weighted Average Annual Earnings						\$47,196.17

Short-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Postal service clerks	263	276	43	13	30	\$44,726.25
Postal service mail carriers	1,142	1,197	222	55	167	43,315.35
Postal service mail sorters, processors and processing machine operators	407	408	40	1	39	42,588.29
Telephone operators	23	21	4	-2	6	39,894.00
Total	1,835	1,902	309	69	242	

Exhibit 6 (cont.)

“Good Jobs”
Upper East Texas Region, 2007-2012

Short-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Weighted Average Annual Earnings						\$43,373.28
Work Experience in a Related Field	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Industrial production managers	589	626	154	37	117	\$79,177.25
Transportation inspectors	50	57	15	7	8	70,356.00
Transportation, storage and distribution managers	269	302	65	33	32	65,857.17
Purchasing agents and buyers, farm products	25	27	3	2	1	60,791.00
Managers, all other	7,811	9,081	1,292	1,270	22	60,340.36
Postmasters and mail superintendents	106	111	18	5	13	59,135.40
First-line supervisors/managers of fire fighting and prevention workers	62	71	19	9	10	56,352.50
First-line supervisors/managers of non-retail sales workers	2,960	3,352	435	392	43	54,297.43
First-line supervisors/managers of mechanics, installers, and repairers	2,012	2,192	408	180	228	47,388.96
First-line supervisors/managers of transportation and material-moving machine and vehicle operators	751	835	156	84	72	46,570.83
Fire inspectors and investigators	77	88	20	11	9	45,883.00
Detectives and criminal investigators	317	373	91	56	35	45,883.00
First-line supervisors/managers of construction trades and extraction workers	4,330	4,777	585	447	138	44,901.70
Food service managers	1,559	1,845	370	286	84	44,113.75
Purchasing agents, except wholesale, retail and farm products	663	716	120	53	67	43,287.64
First-line supervisors/managers of police and detectives	121	137	35	16	19	42,305.63
Agricultural inspectors	71	77	15	6	9	41,600.00
First-line supervisors/managers of production and operating workers	3,653	3,901	629	248	381	40,707.14
Cost estimators	480	540	99	60	39	40,515.44
Wholesale and retail buyers, except farm products	359	378	41	19	22	39,224.00
First-line supervisors/managers, protective service workers, all other	70	79	13	9	4	39,123.00
Total	26,335	29,565	4,583	3,230	1,353	
Weighted Average Annual Earnings						\$51,219.76

Sources: Economic Modeling Specialists Inc. and Texas Workforce Commission.



\$42,239. Occupations requiring relevant work experience or an associate's or bachelor's degree yield median annual earnings of between \$49,000 and \$51,000.

For the purpose of this analysis, a "good job" is one for which the weighted average of median annual earnings, as reported by the Texas Workforce Commission for the work force development areas comprising the Upper East Texas region, exceeds the state's 2007 per capita personal income level of \$37,187.¹⁰ In the Upper East Texas region, 171 occupations pay more than this amount.

It should be noted that many occupations that meet the "good jobs" definition do not require a college degree. A number of occupations requiring related work experience, on-the-job-training or postsecondary vocational training also provide good wages.

Comptroller Assistance

One of the many functions of the Comptroller's office is to provide economic development information to local governments and other groups, and to analyze demographics, the labor force and other economic factors needed to generate local economic growth. Through its Texas EDGE (Economic Data for Growth and Expansion) program, the agency can identify occupational and industry trends and their effects on local and regional economies.

The Comptroller's office also can provide local demographic data, identify business clusters and provide maps of regional infrastructure including highways, railroads and other public facilities. For assistance, please visit www.window.state.tx.us/texasedge or e-mail texas.edge@cpa.state.tx.us.

Since August 2008, the Comptroller's office has responded to 301 Texas EDGE requests from city and county government officials, economic development corporations, private businesses and members of the media.¹¹ These requests have covered many topics, including demographics, economic development, economic modeling and taxes.

The agency also provides local governments with information about tax-related programs and helps them identify opportunities to raise funds for economic development efforts through property, sales and franchise tax revenues, exemptions and credits. It also provides information on special assessments and other opportunities related to disaster relief.

Exhibit 7 lists 25 occupations expected to have the highest number of job openings between 2007 and 2012. The occupation most in demand, retail sales, is expected to create 4,653 openings between 2007 and 2012, with median annual earnings of approximately \$18,288.¹²

Eleven of the 25 occupations with the most openings, accounting for about 57 percent of the total, require short-term, on-the-job training. Of the remaining 14 occupations, eight require educational training beyond high school or work experience in a relevant field. These eight occupations provide a minimum median annual salary of at least \$30,000.

The Comptroller's Local Government Assistance and Economic Development Division provides free risk assessments to local governments. These give local officials reasonable assurance that risks to local objectives have been identified and identify the controls and mitigating factors associated with each.

171 occupations in Upper East Texas pay more than the state's 2007 per capita personal income level of \$37,187.

Finally, the Comptroller's State Energy Conservation Office (SECO) can help local governments slash their energy costs and adopt cost-effective clean energy technologies. SECO offers local governments a free

preliminary energy audit of their facilities. These audits provide recommendations for reducing electricity consumption by improving the efficiency of heating and air conditioning systems and lighting.

Exhibit 7

Occupations with the Most Projected Openings Upper East Texas Region, 2012

Rank	Description	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
1	Retail salespersons	18,128	20,438	4,653	2,310	2,343	\$18,288
2	Cashiers, except gaming	12,580	12,977	3,567	397	3,170	14,940
3	Combined food preparation and serving workers, including fast food	11,213	13,224	3,071	2,011	1,060	14,102
4	Maids and housekeeping cleaners	10,496	12,872	2,650	2,376	274	14,614
5	Truck drivers, heavy and tractor-trailer	9,960	11,275	2,054	1,315	739	32,177
6	First-line supervisors/managers of retail sales workers	9,685	10,430	1,187	745	442	30,176
7	Office clerks, general	9,617	10,732	1,923	1,115	808	19,654
8	Registered nurses	9,275	10,761	2,240	1,486	754	51,766
9	Secretaries, except legal, medical, and executive	9,102	9,610	1,142	508	634	22,307
10	Laborers and freight, stock and material movers, hand	8,420	9,064	1,933	644	1,289	20,612
11	Managers, all other	7,811	9,081	1,292	1,270	22	60,340
12	Bookkeeping, accounting and auditing clerks	7,612	8,403	1,251	791	460	27,032
13	General and operations managers	7,136	7,643	1,256	507	749	71,483
14	Personal and home care aides	6,362	8,126	2,160	1,764	396	13,658
15	Waiters and waitresses	6,198	7,389	2,848	1,191	1,657	13,827
16	Elementary school teachers, except special education	6,187	7,011	1,477	824	653	39,576
17	Janitors and cleaners, except maids and housekeeping cleaners	5,952	6,696	1,240	744	496	16,790
18	Customer service representatives	5,814	6,809	1,759	995	764	22,760
19	Licensed practical and licensed vocational nurses	5,544	6,237	1,442	693	749	34,916
20	Child care workers	5,440	6,379	1,104	939	165	14,003
21	Home health aides	4,865	6,072	1,409	1,207	202	15,840
22	Secondary school teachers, except special and vocational education	4,725	5,188	1,167	463	704	42,501
23	Real estate sales agents	4,353	5,494	1,161	1,141	20	35,531
24	Correctional officers and jailers	4,254	4,876	1,108	622	486	28,006
25	Real estate brokers	4,143	5,263	1,125	1,120	5	78,186

Sources: Economic Modeling Specialists Inc. and the Texas Workforce Commission.



Shopping and Retail in Upper East Texas

Businesses in the Upper East Texas region generated more than \$38.8 billion in gross sales in 2006 and \$43.4 billion in 2007. About 24.4 percent, or more than \$9.4 billion, was subject to state and local sales taxes in 2006; in 2007, more than \$10 billion was taxed. State sales taxes levied in the region totaled \$591 million in 2006 and \$635 million in 2007.

Gross Sales and Sales Tax, Upper East Texas Region, 2006 and 2007

County	Gross Sales 2006	Gross Sales 2007	Amount Subject to Tax 2006	Amount Subject to Tax 2007	Sales Tax 2006	Sales Tax 2007
Gregg	\$8,495,399	\$11,818,894	\$2,152,539	\$2,322,116	\$134,534	\$145,132
Smith	6,646,663	6,516,042	2,353,913	2,439,097	147,120	152,444
Titus	3,247,579	3,858,156	270,948	504,985	16,934	31,562
Anderson	3,960,450	3,630,380	466,573	488,035	29,161	30,502
All Other Counties	16,471,287	17,578,547	4,213,394	4,409,137	263,337	275,571
TOTAL	\$38,821,379	\$43,402,020	\$9,457,367	\$10,163,370	\$591,085	\$635,211

Note: Amounts in Millions
Source: Texas Comptroller of Public Accounts.

The region had more than 51,000 retail employees in 2006 and more than 52,000 in 2007, earning total wages of more than \$1.2 billion in 2006 and nearly \$1.3 billion in 2007. Smith County had the highest number of retail jobs, followed by Gregg and Bowie counties. The annual average salary of the region's retail employees was \$24,182 in 2006 and \$24,607 in 2007, an increase of 1.8 percent.

Retail Employees and Wages, Upper East Texas Region, 2006 and 2007

County	Employees 2006	Total Wages 2006	Employees 2007	Total Wages 2007
Smith	12,925	\$329,383,599	13,431	\$342,563,022
Gregg	9,135	262,471,272	9,356	273,809,933
Bowie	5,499	124,544,730	5,734	133,994,602
Harrison	2,667	64,647,776	2,564	59,156,238
All Other Counties	21,342	465,967,109	21,268	478,713,249
TOTAL	51,568	\$1,247,014,486	52,353	\$1,288,237,044

Source: Texas Comptroller of Public Accounts.

Tyler's 630,000-square-foot Broadway Square Mall has a trade area population of more than 281,000 people with an average household income of more than \$59,000. (A trade area is the geographical area from which frequent shoppers originate.)

The Longview Mall is slightly larger at 650,000 square feet, and with a trade area of nearly 274,000 people who have an average household income of about \$56,000. And Texarkana's Central Mall, with 686,000 square feet of retail shopping area, serves nearly 460,000 people from 18 counties in three states. The mall is located on the Texas side of the state border, and consequently contributes to Texas sales tax revenue.¹³

Industry Profile – Food Processing

Within the region's manufacturing industries, various types of food products manufacturing play an important role.

Upper East Texas' fruit and vegetable, dairy, meat and bakery production industries employed more than 9,200 people and paid more than \$300 million in wages in 2007. These industries employed more than 68,000 in Texas, and paid annual wages in excess of \$2 billion. Regional employment in these four industries makes up about 14 percent of the statewide total.¹⁴

Exhibit 8 shows where these industries operate in the Upper East Texas region.

An analysis of location quotients indicates that the region has a comparative advantage in two of these four food production industries. Fruit and vegetable food manufacturing (with a location quotient of 1.14 in 2007) and animal slaughtering and processing (1.31 in 2007) have a higher concentration of employment than the state share in these industries. In other words, because the regional share of employment for these industries is greater than the state share, these industries are net exporters of these manufactured goods.

Of the four industrial groups listed above, animal slaughtering and processing was by far the region's largest employer. In 2007, the industry employed nearly 6,900 people in the region and paid more than \$200 million in wages.

While still employing a significant number of people in the region, the dairy products industries had the lowest employment, with about 500 positions and \$19 million in wages in 2007.

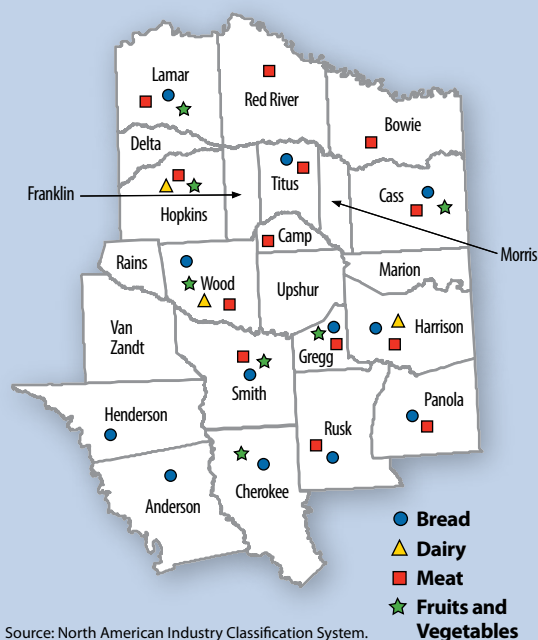
Sara Lee Bakery Group, which produces bread and other bakery products, has operations in Paris, Texas. The Paris location generated more than \$100 million in sales in 2007 and employs more than 500 people. Campbell's Soup, J&M Poultry, Tyson Poultry, Keller's Creamery and John Soules Inc. all have presences in the region as well, employing more than 1,300 and generating in excess of \$760 million in annual sales.¹⁵

Pilgrim's Pride, a food products manufacturer, has been headquartered in Pittsburg, Texas since 1946 and its operations are deeply rooted in the Upper East Texas region. Today, Pilgrim's Pride is the largest poultry producer in the nation.¹⁶ During fiscal 2007, the company employed about

55,000 and generated total sales of \$7.6 billion. In Mount Pleasant, Texas, site of one of the nation's largest prepared-foods plants, Pilgrim's Pride can produce 2,000 different products and more than 7 million pounds of finished goods per week. Globally, the company exports to more than 80 countries and annually processes about 9 billion pounds of poultry.¹⁷

The Upper East Texas region is not immune to rising energy and feed prices. According to the U.S. Department of Agriculture's Economic Research Service, beef and poultry prices have risen from May of last year by 1.5 and 4.5 percent, respectively. Both increases are attributed to higher feed and energy prices. Increasing costs for these two major factors of production (feedstock and energy) have affected meat production employers and their profit margins. Several have scaled back on production to offset higher costs and others have considered changes in their operations. For example, Pilgrim's Pride CEO recently explained that due to "unprecedented challenges," the company is going to review all production facilities to ensure optimal efficiency.¹⁸

Exhibit 8
Upper East Texas Food Products Manufacturing, 2007





Industry Profile – Wood Products

In 2007, the Upper East Texas region was home to 220 businesses and 6,800 jobs associated with the forest industry, including forestry, logging, wood product manufacturing and paper product manufacturing. These firms paid nearly \$294 million in wages in that year (**Exhibit 9**).

The region is home to more than a fourth of Texas' forestry and logging jobs. Eighty-eight firms accounted for 550 forestry and logging jobs and paid \$22 million in wages in 2007.¹⁹ Jobs in the forestry and logging industry are divided between different stages in the production cycle, including timber tract operations that require specialized machinery, facilities for gathering forest products and logging. Logging accounts for most of the industry's jobs.

Paper manufacturing is a vertically integrated industry, meaning that individual companies account for multiple parts of the manufacturing process. The Upper East Texas region is home to two of Texas' largest paper manufacturing companies, International Paper in Queen City and Kimberly-Clark in Paris. International Paper is a global leader in paper and packaging products, and Kimberly-Clark is a manufacturer of paper products, including Kleenex brand tissues.

Texas paper exports totaled nearly \$1.6 billion in 2007, making it the fifteenth largest export market in the state.²⁰

Exhibit 10 shows companies in the Upper East Texas region associated with the forest industry.

Exhibit 9

Jobs, Wages and Establishments Associated with Forest Industry Texas and Upper East

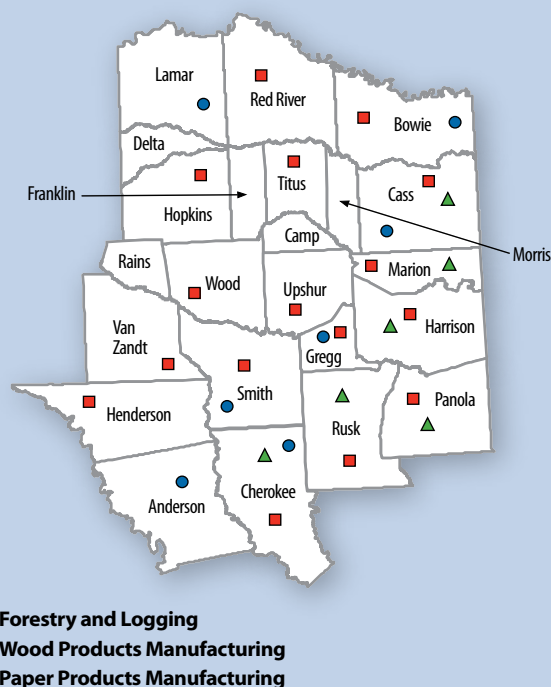
Upper East	2007 Employment	2007 Wages	Annual Wages per Employee	Establishments
Forestry and Logging	550	21,808,176	\$39,651.23	88
Wood Products Manufacturing	3,576	107,471,585	30,053.58	112
Paper Products Manufacturing	2,709	164,350,761	60,668.42	20
TOTAL	6,835	293,630,522		220

Texas	2007 Employment	2007 Wages	Annual Wages per Employee	Establishments
Forestry and Logging	2,090	82,053,538	\$39,260.07	346
Wood Products Manufacturing	26,917	983,850,449	36,551.27	843
Paper Products Manufacturing	20,127	1,065,159,858	52,921.94	309
TOTAL	49,134	2,131,063,845		1,498

Sources: Texas Workforce Commission and Texas Comptroller of Public Accounts.

Exhibit 10

Forest Industry by County, Upper East Texas, 2007



Source: North American Industry Classification System.



Endnotes

- ¹ U.S. Department of Labor, "NAICS Supersectors for CES Program," <http://www.bls.gov/sae/saesuper.htm>. (Last visited September 23, 2008.)
- ² The "Other Services" sector represents all industries covered under the two-digit NAICS code 82. These industries are primarily engaged in the provision of repair and maintenance services for automotive, electronic, commercial and industrial machines and equipment. The sector also includes personal services such as laundry, dry cleaning, hair, nail, and skin care, funeral parlors and organizations that have religious, social advocacy, civic, political and business purposes.
- ³ National Governors Association, *A Governor's Guide to Cluster-Based Economic Development* (Washington, D.C., 2002), p. 9, http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/nga_5fclusters_2epdf/v1/nga_5fclusters.pdf. (Last visited September 23, 2008.)
- ⁴ Laila Assanie and Mine Yücel, "Industry Clusters Shape Texas Economy," *Southwest Economy* (September/October 2007), pp. 1-2, 5, 8, <http://dallasfed.org/research/swe/2007/swe0705b.cfm>. (Last visited September 23, 2008.)
- ⁵ Texas Workforce Commission, Standardized Occupational Components for Research and Analysis of Trends in Employment System (SOCRATES), "Employer Search," <http://socrates.cdr.state.tx.us/>. (Last visited September 23, 2008.) Custom query for LWDA Region 07 (North East Texas) and LWDA Region 08 (East Texas) employer contacts.
- ⁶ U.S. Department of Labor, "NAICS Supersectors for CES Program."
- ⁷ Texas Comptroller of Public Accounts. "Bouncing Back From BRAC." *Fiscal Notes*. (July/August 2006), http://www.window.state.tx.us/comptrol/fnotes/fn0607_08/brac.html. (Last visited September 23, 2008.)
- ⁸ For the purpose of this analysis, "most competitive" industries are those that posted the largest job growth (positive job changes) in the competitive effect component of the shift-share analysis between 2002 and 2007.
- ⁹ This industry represents businesses that provide drilling core sampling, and geological observation services to the mining industry.
- ¹⁰ U.S. Department of Commerce, Bureau of Economic Analysis, "State Personal Income 2007," *News Release*, (March 26, 2008), <http://www.bea.gov/newsreleases/regional/spi/2008/pdf/spi0308.pdf>. (Last visited September 23, 2008.) See "Table 1A. Per Capita Personal Income, Person Income, and Population, by State and Region, 2006-2007."
- ¹¹ Based on e-mail correspondence with Mr. Andy Liebler, Senior Policy Analyst of the Regional Fiscal Analysis Section of the Texas Comptroller's Office, August 21, 2008. These requests fall under categories such as economic development, sales tax, demographics, etc.
- ¹² Median annual earnings were estimated by multiplying the median hourly earning for the industry by 2,080 work hours, which is the average number of work hours in a week (40) multiplied by the number of weeks in a year (52). The exceptions to this estimate are professions related to elementary, middle school and secondary education, which generally involve about nine months of work. These annual wages were obtained from the Texas Workforce Commission.
- ¹³ Simon Property Group, "Broadway Square, Tyler, Texas," p. 1, http://www.simon.com/Mall/LeasingSheet/0344_BroadwaySquare_PropFactSheet.pdf; Simon Property Group, "Longview Mall, Longview, Texas," p. 1, http://www.simon.com/Mall/LeasingSheet/2356_LongviewMall_PropFactSheet.pdf; and "Central Mall, Texarkana, Texas," pp.1-2, <http://www.centralmalltexarkana.com/mimages/factsheets.pdf>. (Last visited September 23, 2008.)
- ¹⁴ Texas Workforce Commission, "Quarterly Employment and Wages (QCEW)," <http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>. (Last visited September 23, 2008). Custom query for Upper East Texas' fruit and vegetable, dairy, meat, and bakery production industry data.
- ¹⁵ Texas Workforce Commission, Standardized Occupational Components for Research and Analysis of Trends in Employment System (SOCRATES), "Employer Search."
- ¹⁶ Pilgrim's Pride, "The Pilgrim's Story," p. 1, <http://www.pilgrimspride.com/aboutus/pilgrimsstory.aspx>. (Last visited September 23, 2008.)
- ¹⁷ Pilgrim's Pride, "About Us," p. 1, <http://www.pilgrimspride.com/aboutus/>. (Last visited September 23, 2008.)
- ¹⁸ Dan Garcia, "Pilgrim's Pride Cuts 600 Jobs at Arkansas Plant," (July 15, 2008), pp. 1-2, <http://www.kauz.com/news/25467844.html>. (Last visited September 23, 2008.)
- ¹⁹ Texas Workforce Commission, "Quarterly Employment and Wages (QCEW). Custom query for Upper East Texas' forestry industry with Comptroller's office calculations.
- ²⁰ Texas Office of the Governor, "Texas Industry Profile-Forestry and Logging NAICS 113 (private industry only)," p. 1, <http://www.texasindustryprofiles.com/pdf/empsnapshot/113.pdf>. (Last visited September 23, 2008); Texas Office of the Governor, "Texas' Industry Profile-Paper Manufacturing NAICS 322 (private industry only)," p. 1, <http://www.texasindustryprofiles.com/pdf/empsnapshot/322.pdf>. (Last visited September 23, 2008.)



Demographics

The Upper East Texas region's population is growing, but not as quickly as that of the state as a whole. Upper East Texas is 71 percent white and has a population that is older on average than Texas'. Personal income in the region grew 28 percent from 2001 to 2006, nearly matching the growth experienced statewide.

Metropolitan/Nonmetropolitan

The Upper East Texas region is a 23-county area containing three metropolitan statistical areas (MSAs) — Tyler (Smith County), Longview (Gregg, Rusk and Upshur counties), and Texarkana (Bowie County). Delta

County is part of the Dallas-Fort Worth-Arlington MSA. Defined by the federal government, a metropolitan area contains a core urban area of 50,000 or more population, accompanied by adjacent communities that have a high degree of economic and social interaction with that core (as measured by commuting to work).¹ **Exhibit 11** illustrates the region's metro counties and the county seats for each county in the region.

Upper East Texas is much more rural than Texas as a whole. In 2007, metropolitan counties accounted for just 46 percent of the region's population. By contrast, 87 percent of all Texas residents lived in metro areas in 2007.²

Population Growth

Given the largely rural character of Upper East Texas, it is no surprise that its regional

Upper East Texas is much more rural than Texas as a whole. In 2007, metropolitan counties accounted for just 46 percent of the region's population.



Panola College Tyson Scholarship award winners

PHOTO: Panola college



Exhibit 11

Upper East Texas Metro Counties

Sources: Office of Management and Budget and Texas Comptroller of Public Accounts.

population gains trail those of the state.

Exhibit 12 shows growth indices for Texas and the region with 2002 as a base year. The regional population increased 5.3 percent between 2002 and 2007, compared to 9.8 percent for Texas. The Tyler MSA nearly matched state growth with a 9.7 percent increase, or 1.8 percent annually. The metro counties' populations grew by 5.6 percent over this period, compared with 4.8 percent for the region's non-metro counties.

Age

The Upper East Texas region's population is older on average than those of the state and the nation. In 2007, 33.5 percent of the region's population was under the age of 25; 51.5 percent were aged 25 to 64; and 15 percent were 65 or older. The 65+ age group accounted for 15 percent of the region's population, considerably more than the state's 10 percent share. In the U.S. as a whole, 12.5 percent were aged 65 or older in 2007 (**Exhibit 13**).

Ethnicity

Exhibit 14 compares the regional population's ethnicity with those of Texas and the U.S. The region is predominantly white, accounting for 71 percent of residents in 2007. Blacks made up 15.6 percent and Hispanics accounted for 11 percent. The remaining 2 percent fall in the "other" category, which includes persons of American Indian, Asian and Native Hawaiian descent and those claiming descent from two or more races.

The region's population share of Hispanics is far lower than in the state as a whole and the nation. Its Hispanic population is, however, expected to increase more quickly

Longview: One of the Nation's Best Communities for Youth

In January 2008, the city of Longview was named one of the 100 Best Communities for Young People by America's Promise Alliance. Founded by Colin Powell, America's Promise Alliance is a partnership of corporations, foundations, policymakers, advocacy organizations and faith groups "committed to seeing that children receive the fundamental resources they need to succeed." The award recognizes community efforts to develop and improve the lives of its youth.

The city earned its distinction in large part due to its Forever Friends & Co-Pilots mentoring programs, recognizing the powerful impact a mentor can have on a young person's life. Mentors commit one year to the program, meeting weekly with students at school and participating in activities outside of school such as field trips and sporting events. The program has trained more than 200 adults who donate more than 4,000 hours of their time per school year.³



Exhibit 12

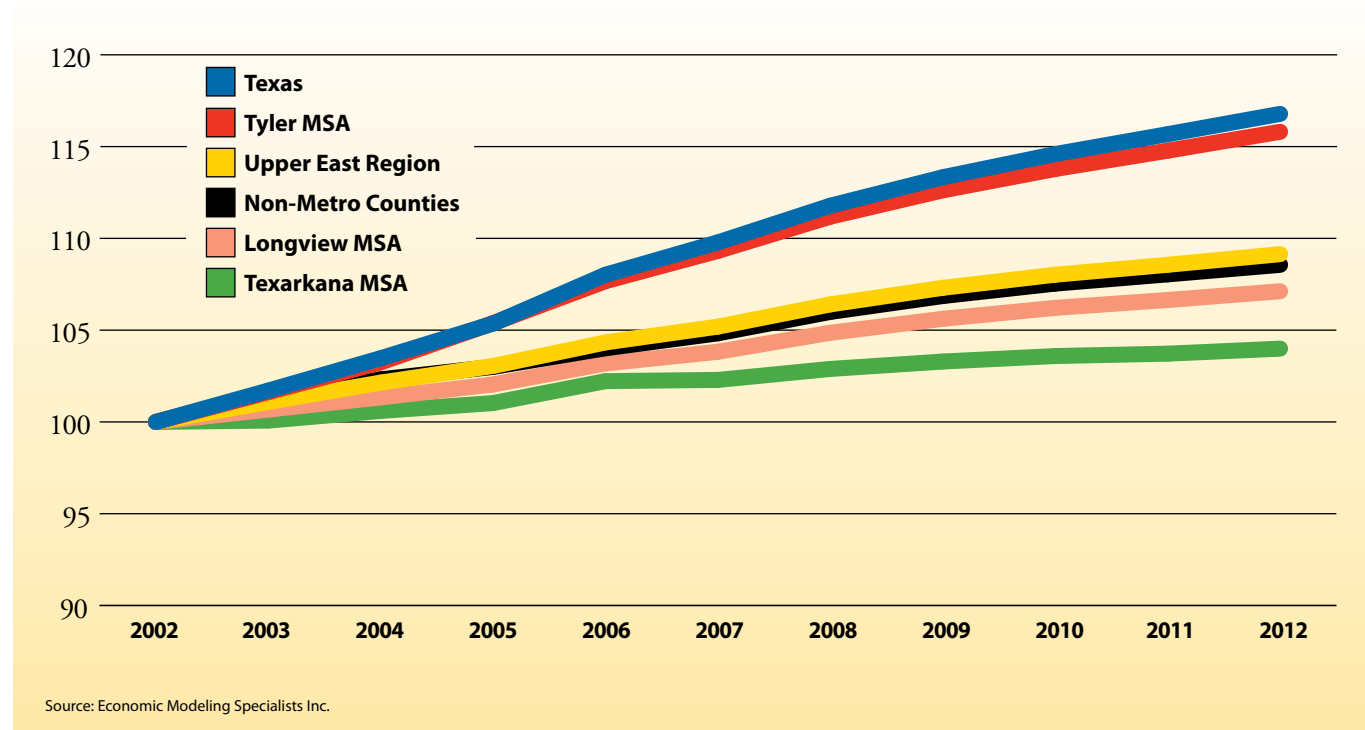
Upper East Texas Actual and Projected Population Increase, 2002-2012

Exhibit 13

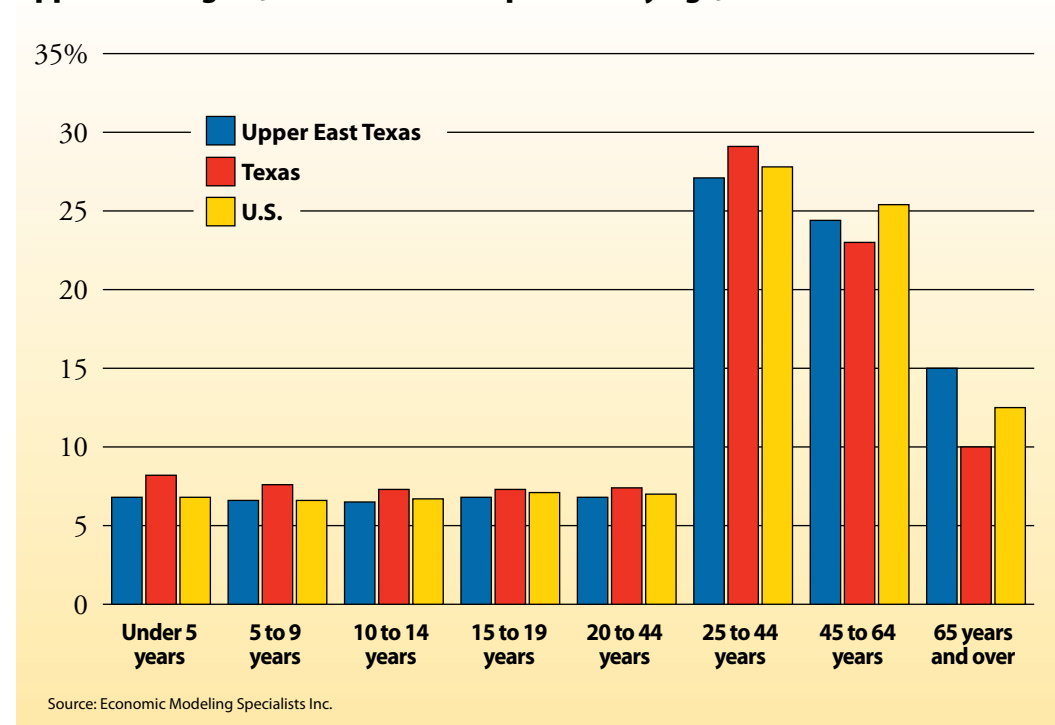
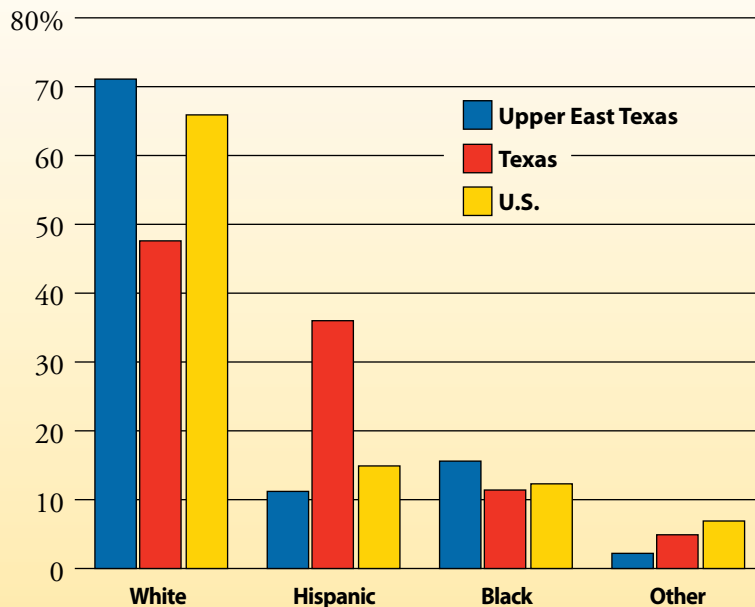
Upper East Region, Texas and U.S. Population by Age, 2007



Exhibit 14

Upper East Region, Texas and U.S. Population by Ethnicity, 2007



Source: Economic Modeling Specialists Inc.

than other ethnic groups, rising by 21.4 percent by 2015, while the white population is expected to rise by 3.0 percent and the black population by 2.2 percent.⁴

Educational Attainment

In 2007, 22 percent of the Upper East Texas region's population had less than a high school degree. This proportion is much higher than the U.S. average, but nearly equal with Texas figures. The region trails the state, however, in its share of the population holding a bachelor's degree. Only 11 percent of the region's residents have earned a bachelor's degree, compared with 17 percent in Texas and 18 percent in the U.S. (**Exhibit 15**).

Income

The median income for all Texas households in 2005 (most recent data available) was

Certified Retirement Communities

The Upper East Texas region has seven communities — the cities of Athens, Longview, Pittsburg, Texarkana and Winnsboro and the counties of Franklin and Panola — that have been certified as retirement communities. The Certified Retirement Community (CRC) program, established by the 2005 Texas Legislature and administered through the Texas Department of Agriculture (TDA), helps Texas communities encourage retirees and potential retirees to make their homes in their areas. Athens received its certification in November 2006, becoming one of the first certified communities in Texas. The city has used the program's assistance to develop a Web site, www.athenstxretirement.com, that promotes Athens as a perfect place to retire.

Texas communities interested in becoming a certified retirement community must apply for certification through TDA. The certification process requires an application form listing the amenities the community can offer retirees or potential retirees. The form requests information on topics such as health and medical services, affordable housing, recreational opportunities, educational resources, public safety and the community's tax structure. TDA uses the form to determine the very best communities for retirees or potential retirees.

Once a community is chosen, TDA assists the community with statewide and national marketing campaigns (through print, Web sites and trade shows) to attract retirees and tourists; provides technical assistance with industry experts; provides economic development and tourism training for local staff and volunteers; and allows the community to participate in CRC program issues such as the development of the statewide marketing plans, conference/tradeshows, logos and others program issues.



Public Safety in the Upper East Texas Region

Public safety is one of the key elements determining a region's quality of life. Crime rates in the Upper East Texas region, as in the rest of the state, fell from 2005 to 2006. Violent and property crime rates in the Upper East Texas region were both significantly lower than the state average in 2005 and 2006 and also declined more than the state average.⁵

Crime Rates, Upper East Texas Region, 2005-2006

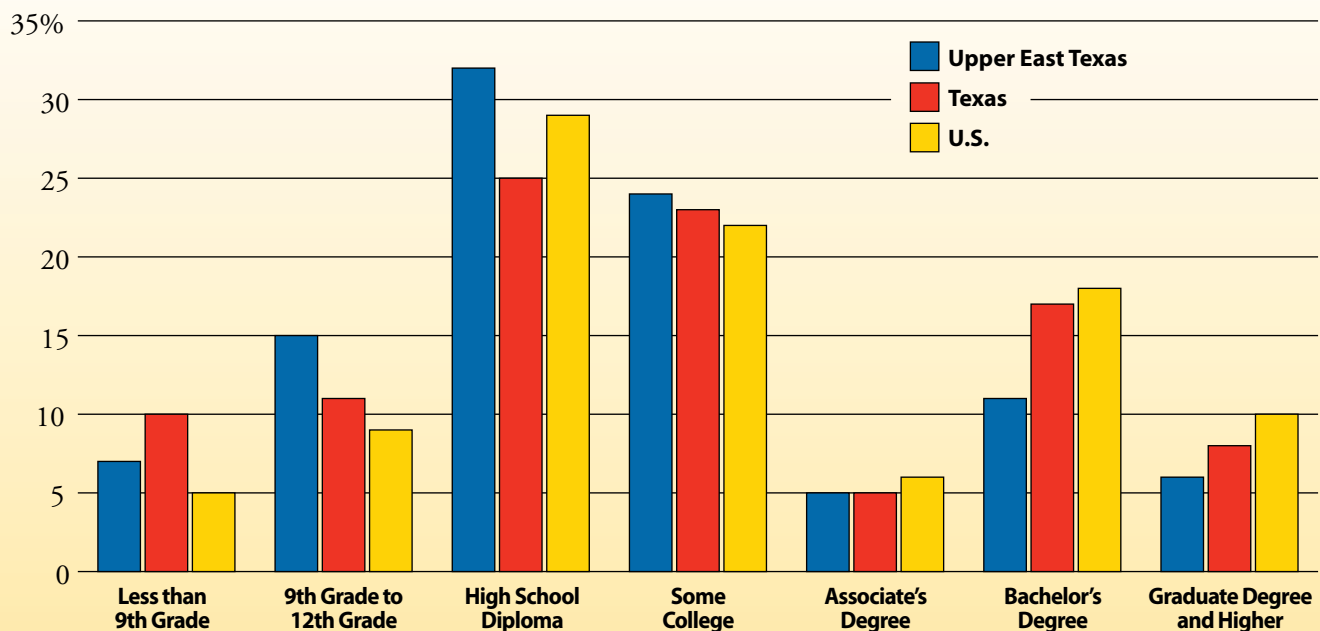
	2005 Upper East Texas Crime Rate	2005 Texas Crime Rate	2006 Upper East Texas Crime Rate	2006 Texas Crime Rate	Upper East Texas % Change in Crime Rate	Texas % Change in Crime Rate
Murder	4.7	6.1	5.1	5.9	8.5	-3.3
Rape	44.6	37.2	37.6	35.8	-15.7	-3.8
Robbery	59.0	156.5	52.1	158.5	-11.7	1.3
Assault	348.8	329.6	346.3	316.8	-0.7	-3.9
Violent Crime Rate	457.1	529.5	441.1	531.6	-3.5	0.4
Burglary	890.5	960.6	854.3	916.3	-4.1	-4.6
Larceny	2,235.1	2956.0	2,064.1	2,752.8	-7.7	-6.9
Auto Theft	243.3	408.7	222.2	407.0	-8.7	-0.4
Property Crime Rate	3,368.9	4,325.3	3,140.6	4,191.6	-6.8	-3.1
Total Crime Rate	3,826.0	4,854.8	3,581.7	4,593.1	-6.4	-5.4

Note: All crime rates are reported per 100,000 population.
Source: Texas Department of Public Safety.

The Comptroller's office estimates that public safety and criminal justice accounted for more than 10,000 jobs in the region and more than \$388 million in earnings in 2007.⁶

Exhibit 15

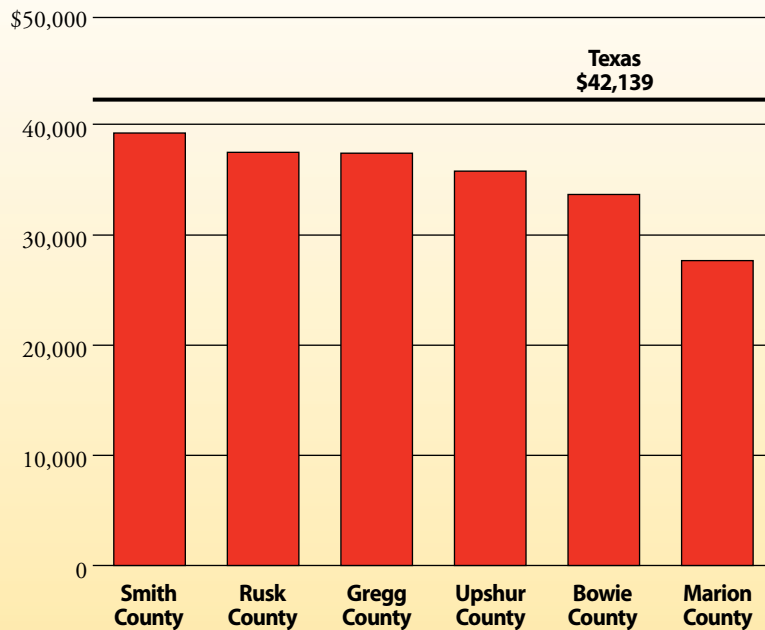
Educational Attainment for Population Over the Age of 25, 2007 Upper East Texas, Texas and U.S. Averages



Source: Economic Modeling Specialists Inc.



Exhibit 16

Median Household Income, State of Texas and Selected Counties, 2005

Sources: U.S. Census Bureau and Texas Comptroller of Public Accounts.

\$42,139.⁷ In the Upper East Texas region, Smith County, where Tyler is located, had the highest median household income at \$39,267. Marion County had the lowest, at \$27,683. The counties representing Longview MSA (Gregg, Rusk and Upshur) had a median income of between \$36,000 and \$37,500. Bowie County, home to Texarkana, had the lowest income of the metropolitan areas at nearly \$33,700 (**Exhibit 16**).⁸

While the region's median household incomes are lower than the statewide average, such measures do not take the cost of living into account. A cost-of-living adjustment can facilitate a more accurate comparison of income.

For instance, a person earning an annual salary of \$37,000 in Longview has the equivalent purchasing power as a person living in Dallas earning \$45,738, or 24 percent

Famous People from Upper East Texas

Upper East Texas has been called home by a number of celebrities, including athletes such as Hall of Fame football running back Earl Campbell, four-time All-Star Major League Baseball player Eddie Robinson, two-time World Heavyweight Boxing Champion George Foreman and Minnesota Vikings football running back Adrian Peterson. It is also the birthplace of great political figures such as John Nance Garner, Vice President under Franklin D. Roosevelt; Lady Bird Johnson, wife of President Lyndon Baines Johnson; Ross Perot, presidential candidate in 1992 and 1996; and state senator Margie Elizabeth Neal, the first woman elected to the Texas Senate in 1926.

The region also produced some of the nation's most creative entertainers. Well-known musicians from Upper East Texas include ragtime composer and piano player Scott Joplin, Eagles band member Don Henley and the classical pianist Van Cliburn. The region also has a number of country stars, including Tex Ritter and Ray Price, both members of the Country Music Hall of Fame; Lee Ann Womack, the Country Music Association's 2001 Female Vocalist of the Year; and Johnny Gimble, whose fiddle playing made him a five-time Country Music Association Instrumentalist of the Year. Emmy award-winning journalist Bill Moyers and actor Dan Blocker, who portrayed Hoss Cartwright on the "Bonanza" television series, both hail from Upper East Texas.

Sources: Encyclopedia Britannica Online, The Handbook of Texas Online and Biography.com.



more. The purchasing equivalency in Austin is a salary of \$47,313.⁹

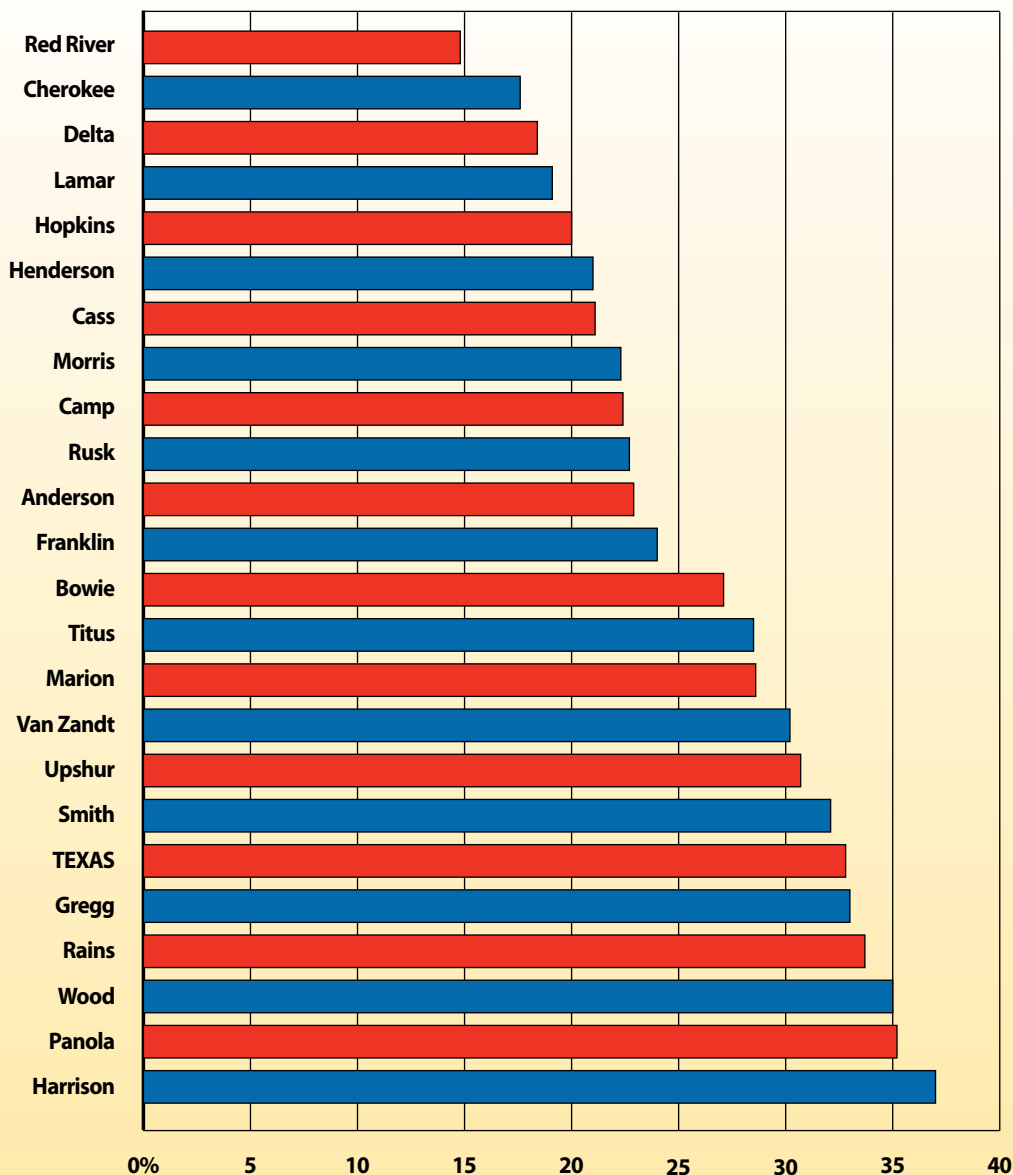
Total personal income in the region rose by 28.0 percent between 2001 and 2006, compared with 32.8 percent for the state as a whole. Five counties in the region out-

paced the state average during this period (**Exhibit 17**).

Per capita personal income in the region averaged nearly \$29,200 in 2006, or 83 percent of the state average of \$35,166. Only Gregg County had a higher average than the state.¹⁰

Exhibit 17

Upper East Texas Per Capita Personal Income Percent Increase 2001-2006



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The 65+ age group accounted for 15 percent of the region's population, considerably more than the state's 10 percent share.



Endnotes

- ¹ U.S. Office of Management and Budget, *OMB Bulletin No. 08-01: Update of Statistical Area Definitions and Guidance on Their Uses* (Washington, D.C., November 20, 2007), pp. 2, 30, 39, 51, <http://www.whitehouse.gov/omb/bulletins/fy2008/b08-01.pdf>. (Last visited September 23, 2008.)
- ² Data provided by Economic Modeling Specialists Inc., (EMSI), for rural population data.
- ³ America's Promise Alliance, "The 2008 100 Best Communities for Young People: Longview, Texas," p. 1, <http://www.americaspromise.org/APAPage.aspx?id=11094&terms=Longview+Texas>. (Last visited September 23, 2008.)
- ⁴ Data provided by EMSI for age and ethnicity data.
- ⁵ Texas Department of Public Safety, Uniform Crime Reporting Bureau, "2005 and 2006 Statewide and Upper East Texas Index of Crimes," A custom query was created.
- ⁶ U.S. Census Bureau, "Code 9221: Justice, Public Order, and Safety Related Employment for Upper East Texas." A custom query was created.
- ⁷ U.S. Census Bureau, "Household Income—Distribution by Income Level and State: 2005," p.1, <http://www.census.gov/compendia/statab/tables/08s0684.xls>. (Last visited September 23, 2008.)
- ⁸ U.S. Census Bureau, "Small Area Income & Poverty Estimates—State and County Estimates." A custom query was created for Upper East Texas counties.
- ⁹ Sperling's Best Places, "Cost of Living Calculator," <http://www.bestplaces.net/col/>. (Last visited September 24, 2008.)
- ¹⁰ U.S. Department of Commerce, Bureau of Economic Analysis, "Texas Per Capita Personal Income and Population by County for 2006." A custom database query was created with Texas Comptroller office calculations.



Infrastructure

An area's infrastructure — its water and energy supplies, parks and transportation systems — can determine its economic viability.

Water is essential for life, but it is also necessary for electricity generation, commerce and recreation. Manufacturers require reliable and adequate supplies of electricity to make their products. A reliable transportation system helps ensure that businesses can sell their products in national and world markets, and that residents can receive the goods and services they need. And recreational facilities such as state parks and lakes help improve the area's overall quality of life.

Employers locate in areas with reliable sources of water, power, roads and recreational activities, attracting talented workers and providing residents with a high quality of life. The Upper East Texas region, like the rest of the state, faces several challenges in maintaining its infrastructure and expanding it to serve the needs of its growing population.

With its proximity to the Dallas/Fort Worth Metroplex, borders shared with three neighboring states, abundant natural resources and productive rural communities, the Upper East Texas region is positioned to continue its economic growth and development. A robust infrastructure will provide the area with a solid basis for that growth.



PHOTO: Emmette Hall

Texas State Railroad traveling from Rusk to Palestine

Climate

Upper East Texas' climate supports a landscape of forested, rolling hills watered by generous rainfall. According to the *Texas Almanac*, the region enjoys latitude-appropriate temperatures; its first freeze typically occurs between November 16 and December 1, with the last freeze occurring between March 1 and March 16. Average lows in January range from 29.3°F in Titus County to 38.0°F in Smith County; average highs in July range from 92.2°F in Red River County to 95.0°F in Morris County.

Water

The Upper East Texas region is water-wealthy, containing portions of six major river basins with numerous tributaries and nearly three dozen major reservoirs and lakes. In addition to the surface water resources, the region sits above parts of two major aquifers. Average annual rainfall in the Upper East Texas region ranges from 45 to 55 inches, with rainfall increasing as one travels from the northwestern to southeastern corners of the region. (Statewide rainfall averages range from 10 inches annually in westernmost Texas to 55 inches in the far Southeast.)¹

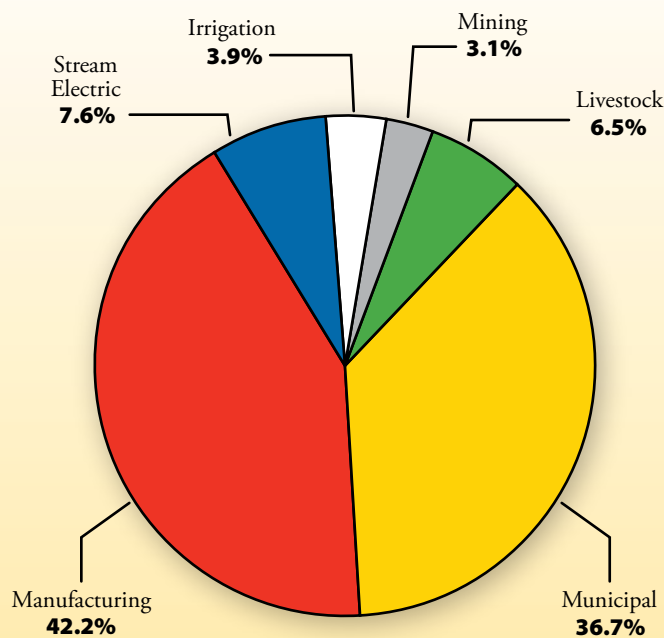
In 2004 (most recent data available), manufacturing and municipal water systems each accounted for large portions of the water used in Upper East Texas (**Exhibit 18**). The region also uses water for electricity generation, livestock, irrigation and mining.²

Upper East Texas contains parts of three water planning regions designated by the Texas Water Development Board (TWDB). The region includes most of Region D and half of Region I; half of Henderson County is in Region C (**Exhibit 19**).

Under state law, water planners must estimate water supply and use over a 50-year period; the current planning cycle covers the years 2010 through 2060. Based on data from 2000, these planners project that annual water use in the Upper East Texas region will increase by 66.8 percent to 988,834 acre-feet in 2060. (One acre-foot of water equals 325,851 gallons, roughly the annual consumption of two to three households in Texas. A regulation Olympic-sized swimming pool holds about two acre-feet.)

Exhibit 18

Total Water Use Upper East Texas Region, 2004



Sources: Texas Water Development Board and Texas Comptroller of Public Accounts.



Within that increase, changes are expected in shares used by each sector of the economy (**Exhibit 20**). Manufacturing is projected to continue to account for about 43 percent of the region's water use in 2060. Electricity's share, however, is projected to grow significantly, while the share devoted to municipal uses will decrease somewhat; each sector is expected to account for about a quarter of the total in 2060. Other sectors' shares may shrink. For instance, the amount of water devoted to irrigation in Upper East Texas is expected to decrease by almost 4 percent by 2060 (**Exhibit 20**).³

Surface Water

A number of rivers and creeks wind through Upper East Texas; each of the region's 23 counties has a waterway as some part of its border (**Exhibit 21**).

These streams, and the reservoirs built into them, provide four-fifths of all the region's water. Rains County, one of the smallest counties in the region, has more than 10 percent of its land area under parts of two large

Exhibit 19

Regional Water Planning Groups Upper East Texas Region

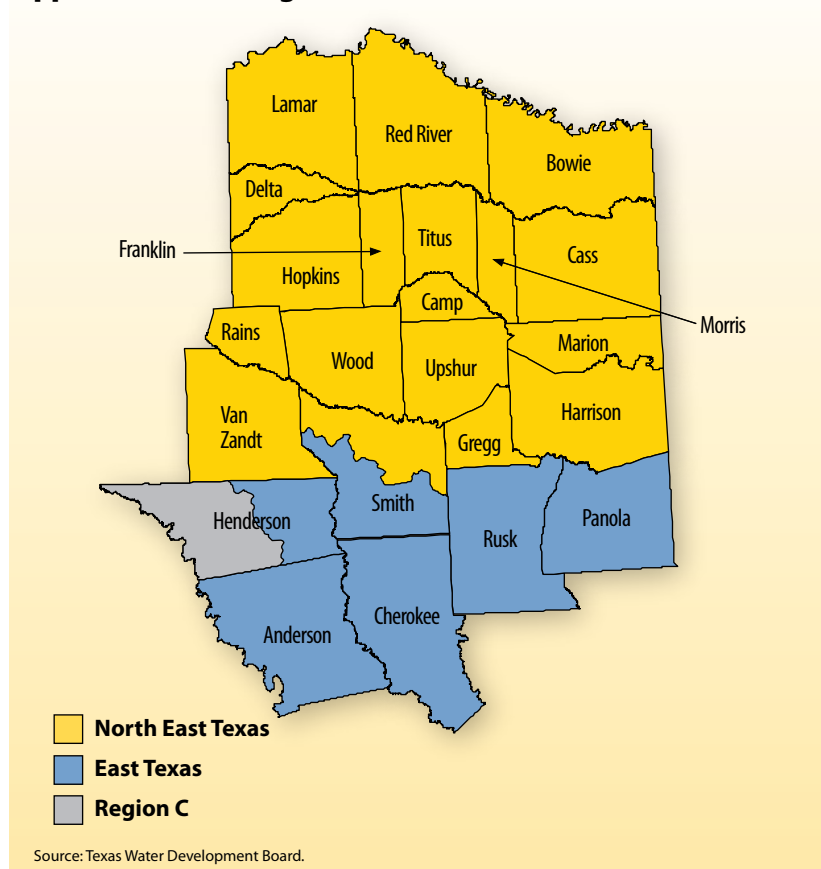


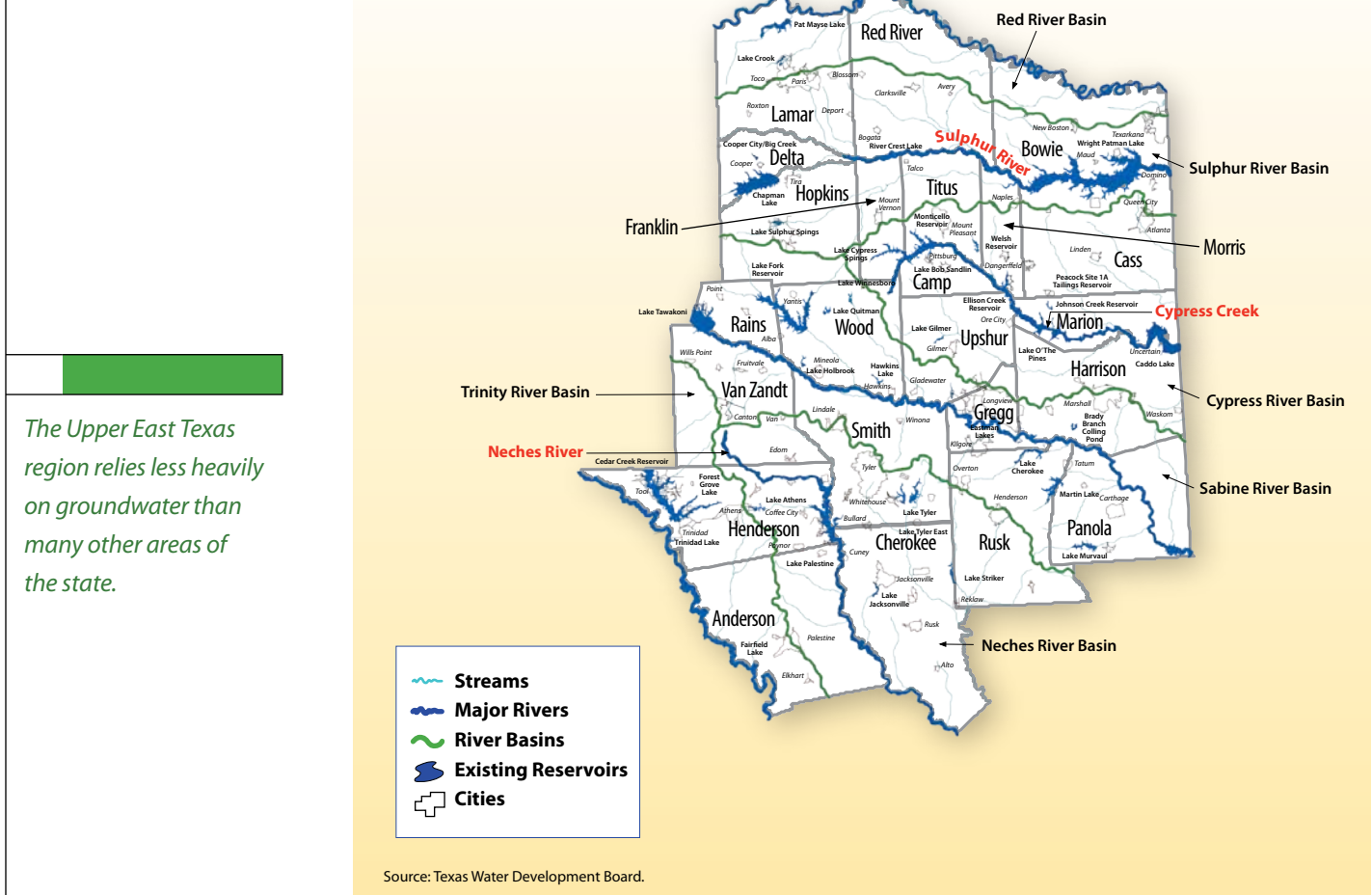
Exhibit 20

Upper East Actual and Projected Total Water Use by Sector, 2000-2060 (In acre-feet)

Sector	2000	2020	2040	2060
Irrigation	14,757	14,741	14,570	14,182
Livestock	37,289	37,480	37,485	37,280
Manufacturing	257,566	334,076	379,596	428,295
Mining	12,476	16,732	18,714	20,705
Municipal	173,453	198,511	217,241	244,697
Steam Electric	97,447	126,988	173,928	243,675
Total	592,988	728,528	841,534	988,834

Sources: Texas Water Development Board and Texas Comptroller of Public Accounts.

Upper East Texas Streams, Major Rivers and River Basins



The region contains parts of the territories of four river authorities that manage intra-state surface waters. The Red River Authority

ity manages the river from its origin in the Panhandle across the top of the state to the Louisiana border, while the Trinity River Authority has jurisdiction over its river from Tarrant and Dallas counties down to the top of Galveston Bay, including the western halves of Henderson and Anderson coun-

ity manages the river from its origin in the

With all its rainfall and rivers, the Up-

Authority has jurisdiction over its river from Tarrant and Dallas counties down to the top of Galveston Bay, including the western halves of Henderson and Anderson counties. The per East Texas region relies less heavily on groundwater than many other areas of the state. In 2004, groundwater supplied only 20 percent of the region's total water use.



Exhibit 22

Major Water Supply Reservoirs Upper East Texas Region

Reservoir Name	River Basin	Year 2010 Projected Yield (acre-feet)	Conservation Storage Capacity (acre-feet)
Lake Athens	Neches	6,064	29,435
Lake Bob Sandlin	Cypress	60,430	200,579
Brandy Branch Reservoir	Sabine	11,000	29,513
Caddo Lake	Cypress	10,000	59,800
Cedar Creek Reservoir (part)	Trinity	175,000	644,686
Lake Cherokee	Sabine	28,885	39,023
Lake Crook	Red	1,000	9,195
Lake Cypress Springs	Cypress	10,737	67,689
Ellison Creek Reservoir	Cypress	13,857	24,700
Forest Grove Reservoir	Trinity	8,583	20,038
Lake Fork Reservoir	Sabine	173,035	604,927
Lake Gilmer	Cypress	6,180	12,720
Lake Jacksonville	Neches	6,200	30,300
Jim Chapman Lake	Sulphur	127,983	310,019
Johnson Creek Reservoir	Cypress	1,785	10,100
Martin Creek Lake	Sabine	25,000	75,116
Monticello Reservoir	Cypress	6,098	34,740
Lake Murvaul	Sabine	21,792	38,284
Lake O' the Pines	Cypress	181,869	238,933
Lake Palestine	Neches	220,933	370,908
Pat Mayse Lake	Red	59,750	118,110
Peacock Site 1A Tailings Reservoir	Cypress	NA	7,100
River Crest Lake	Sulphur	8,635	7,000
Lake Striker	Neches	20,183	16,934
Lake Sulphur Springs	Sulphur	9,800	17,838
Lake Tawakoni (part)	Sabine	229,807	888,126
Trinidad Lake	Trinity	3,067	6,200
Lake Tyler	Neches	35,458	73,256
Welsh Reservoir	Cypress	3,739	18,431
Wright Patman Lake	Sulphur	180,000	110,853
TOTAL		1,646,870	4,149,973

Note: Peacock Site 1A Tailings reservoir operated as part of a system, no individual yield total available.
Source: Texas Water Development Board.

Reservoir Tug-of-War: Marvin Nichols

Upper East Texas encompasses almost all of the Regional Water Planning Group D, also called the North East Region. The North East Region includes the Sulphur River. Lying to the west of the North East Region is Region C, which includes the Dallas and Fort Worth metropolitan areas. Region C already accounts for roughly a quarter of the state's population, and that population is projected to nearly double by 2060 (the state's current water planning horizon). Planners expect the region's municipal water demand to increase by 92 percent by that year. Existing water supplies in Region C are expected to decrease by about 9 percent over the same time period, due to sediment build-up in the region's reservoirs.

Consequently, Region C's proposed water management strategies in the *2007 Texas Water Plan* include the creation of four new reservoirs, two lying outside the region. One of the two is Marvin Nichols, which would be built inside the North East Region (Region D) on the Sulphur River, along much of the southern edge of Red River County. Both regions acknowledge that the reservoir proposal is controversial, due to opposition from the North East Region related to the resulting land loss and environmental impact. Region C maintains it is facing "the possibility of water shortages in the future." The North East's regional plan says that the Marvin Nichols Reservoir should "not be included in any regional water plan or the State Water Plan." Finding a resolution to this conflict, the result of the uneven distribution of population and natural resources, remains a challenge for this area.⁵

The other recommended reservoir, Lake Fastrill, is involved in a separate controversy because the U.S. Fish and Wildlife Service (FWS) has designated the area as a National Wildlife Refuge. The City of Dallas and the Texas Water Development Board sued FWS to prevent the refuge from being established; although a federal judge ruled for FWS in July 2008, issuing an injunction against the agency accepting land donations for the refuge while the city and the water board appeals the ruling.



Source: Texas Water Development Board.



(**Exhibit 23**). A few counties in the region actually consume more groundwater than surface water, although their overall water use is relatively low, and the region uses groundwater for almost 40 percent of its municipal water supplies.

Mining is the only sector that used more groundwater than surface water in 2004 (mostly in oil and gas exploration and production), but the mining sector accounted for only 3.1 percent of the region's total water use in that year.⁶

Groundwater comes from aquifers, water-bearing layers of permeable rock, sand or gravel within the earth. The Upper East

Texas region sits above the northeastern ends of two major aquifers and two minor aquifers (**Exhibits 24 and 25**).⁷

State laws approved in 1999 and 2001 encourage the use of groundwater conservation districts (GCDs), led by locally elected or appointed officials, to manage groundwater sources. The Upper East Texas region has four GCDs, including the only district entirely contained within another, the Anderson County Underground Water Conservation District, which is surrounded by the three-county Neches and Trinity Valleys GCD. The other two GCDs are single-county districts, Rusk County GCD and Panola

The Upper East Texas region's manufacturing base is projected to remain strong, and its associated water consumption will increase along with the sector's growth.

Exhibit 23

Upper East Texas Region Water Sources, by Sector, 2004

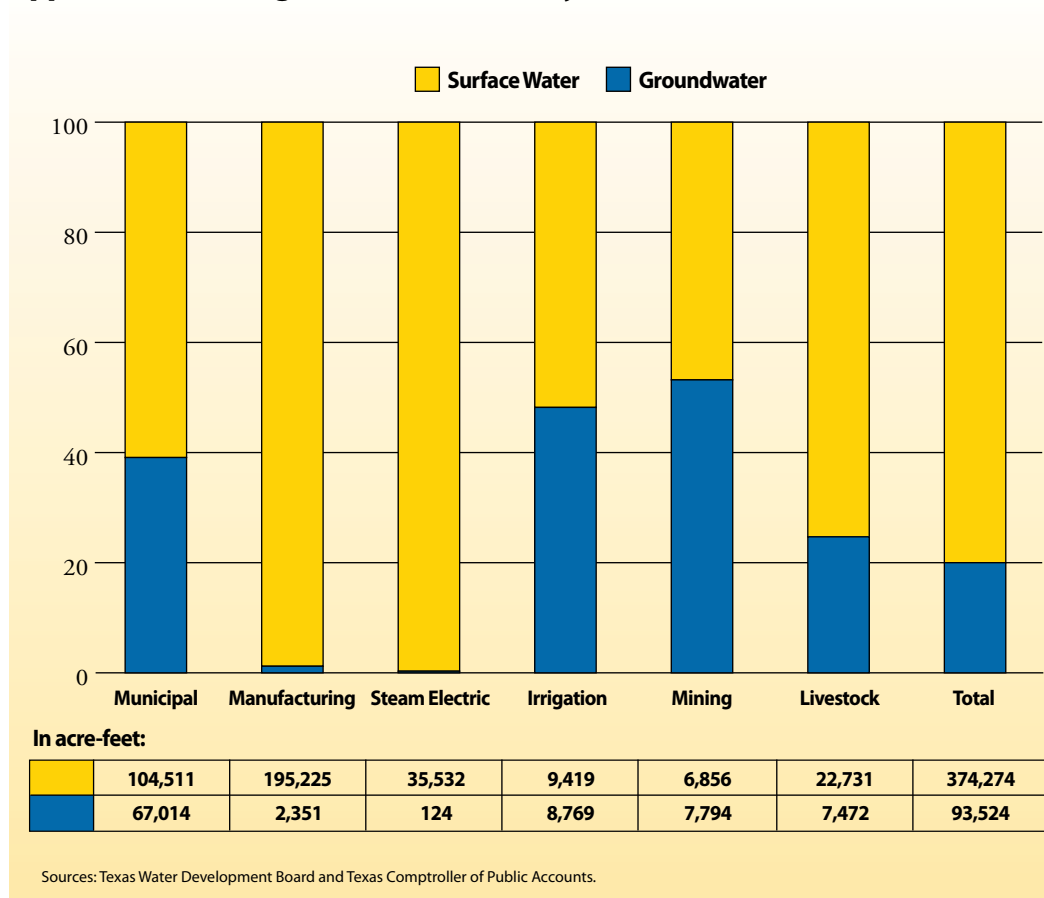


Exhibit 24

Major Upper East Texas Aquifers

Note: Outcrop – portion of water-bearing rock unit exposed at the land surface.
 Subcrop – portion of water-bearing rock unit existing below other rock units.
 Source: Texas Water Development Board.

County GCD (the latter is one of the most recently approved districts in the state).⁸

Groundwater conservation districts have some options to restrict groundwater pumping to maintain aquifer sustainability. One of the Upper East Texas districts, Rusk County GCD, has ad valorem taxing authority, while the others do not. State law generally allows districts to receive revenue through bond proceeds, fees, investments, grants and loans, depending on the statute creating the district.

As noted earlier, the Upper East Texas region's manufacturing base is projected to remain strong, and its associated water consumption will increase along with the sector's growth. Being an area with ample water resources in a mostly semi-arid state is a boon to the region's economic development. The possibility of communities with large water demands from outside the area trying to access the region's supplies, however, is likely to continue to require the attention of local and state officials.

Parks and Recreational Opportunities

The Upper East Texas region has abundant recreational facilities and provides unique opportunities for the public to enjoy nature. From the natural beauty and abundant wildlife of the bayous at Caddo Lake State Park to rides on the Texas State Railroad, Upper East Texas has something for every outdoor enthusiast.

State Parks

Upper East Texas offers a variety of outdoor recreational opportunities at its state parks and recreational lakes. Caddo Lake, Martin Creek and Tyler state parks have the largest economic impacts on the region.

Exhibit 25

Aquifers in the Upper East Texas Region

Aquifer Name	Availability (acre-feet in 2010)
Carrizo-Wilcox	1,014,753
Trinity	205,799
Queen City	295,791
Sparta	50,511

Note: Queen City and Sparta are designated as minor aquifers by TWDB.
 Source: Texas Water Development Board.



Caddo Lake State Park, 15 miles northeast of Marshall, is one of the crown jewels of the state park system. The park is situated on the western side of Caddo Lake, a collection of bayous and sloughs consisting of about 26,800 acres of cypress swamp. Caddo Lake was named after the Caddo Indians that have inhabited the area for more than a thousand years. Caddo Lake actually sits on the border of Texas and Louisiana, and several Louisiana parishes operate parks on the eastern end of the lake. In addition, the Army Corps of Engineers operates a park just south of Caddo Lake Dam.

Caddo Lake is the only geologically natural lake in Texas. It was artificially dammed in 1914 to help control flooding and to make its flood plain more accessible to oil drilling. A more modern dam built by the Army Corps of Engineers in 1971 replaced the old dam. The current dam was constructed to provide a water supply and additional recreational opportunities to the people of both Texas and Louisiana.

As Caddo Indian legend has it, the lake formed because of a giant flood. According to scientists, the lake formed when floodwaters blocked by massive log jam on the Red River backed up into the Cypress Bayou watershed. Recreation opportunities at the state park and the lake itself are numerous, thanks to many privately owned recreational businesses such as restaurants, nature sightseeing tours, steamboat, canoe and paddleboat tours and marinas. And the lake is an angler's delight, with 71 different species of fish. Park visitors can also enjoy stately cypress trees, American lotus and lily pads, waterfowl, alligators, turtles, frogs, snakes, raccoons, minks, nutrias, beavers, squirrels, armadillos and white-tailed deer.⁹

In fiscal 2007, Caddo Lake State Park had more than 75,500 visitors. In fiscal 2006, the latest data available, park visitors spent nearly \$1 million in the area and the park had a total economic impact on sales in Harrison and Marion counties of more than \$1.8 million.¹⁰

Martin Creek Lake State Park, 20 miles southeast of Longview in Rusk County, consists of about 287 land acres as well as 5,000 acres of water in the form of Martin Creek Lake, which was constructed to provide cooling water for a coal-fired power plant. The creek was named for Daniel Martin, who in 1833 settled with his family nearby in what was called Hogan's Bayou. He and his neighbors eventually built a small fort and, later, a town called Harmony Hill. The town reached its peak shortly after the Civil War and was completely deserted by 1900.

The area has been inhabited since at least 200 BCE, and was home to Native Americans of the Choctaw, Cherokee and Kickapoo tribes. Visitors can still see the old Trammel's Trace road bed, a Native American trail, near the fishing pier at the park; the road served as a major route for settlers moving to Texas from Arkansas.

The park, located in the Piney Woods, serves as a shelter for wildlife including gophers, swamp rabbits, nutria, white-tailed deer, raccoons, armadillos and squirrels. The park has excellent year-round fishing due to the warm water generated by the power plant. Fish include large-mouth bass, crappie, channel catfish, perch, ball and sunfish. In addition, the park enchants visitors every fall when the season changes and the various hardwoods display their colorful foliage.¹¹

Caddo Lake is an angler's delight, with 71 different species of fish.

In fiscal 2006, visitors to Martin Creek Lake State Park spent more than \$1 million in the area and the park had a total economic impact on sales in Rusk County exceeding \$1.8 million. Martin Creek had nearly 72,000 visitors in fiscal 2007.¹²

Tyler State Park, located two miles north of the city of Tyler in Smith County, consists of about 986 acres including a 64-acre lake. The state acquired land for the park in 1934 and 1935 and opened it in 1939. The park's woods, steep hillsides and lake provide excellent habitat for various wildlife including deer, squirrels, raccoons, possums and numerous species of birds. In addition, the lake provides anglers with an opportunity to catch crappie, perch, catfish and bass. The park also has a nature trail, a hiking trail, a 13-mile mountain bike trail and an amphitheater that can be used for outdoor performances and functions on the lakeshore.¹³

In fiscal 2007, Tyler State Park had more than 104,500 visitors. The park's total economic impact in fiscal 2006 on sales in Smith County was more than \$1.8 million, with visitors spending more than \$1 million in the area.¹⁴

Exhibit 26 summarizes the economic impact of state parks in the Upper East Texas region.

In addition to the parks listed above, the region is also home to Atlanta State Park, and Doctor's Creek and South Sulphur State Parks, both on Cooper Lake. These state parks had a combined 2007 visitation of more than 141,400 people.¹⁵

Recreational Lakes and Reservoirs

The region's numerous lakes and reservoirs offer recreational activities including boating and fishing.¹⁶ **Exhibit 27** lists the region's lakes and reservoirs, their location and approximate size and average depth.

Fishing and Hunting

Upper East Texas offers a variety of freshwater fishing opportunities. The region's lakes and bayous support several types of bass; all types of catfish; common carp; both types of crappie (Black and White); all types of gar; and several types of sunfish, in addition to the American eel, bowfin, chain pickerel, paddlefish, gizzard shad and threadfin shad.¹⁷

Exhibit 26

State Parks Upper East Texas Region

Name	Number of Visitors 2007	2006 Total Economic Impact on Sales	2006 Spending by Visitors
Caddo Lake State Park	75,583	\$1.8 million	\$1 million
Martin Creek Lake State Park	71,911	\$1.8 million	\$1 million
Tyler State Park	104,644	\$1.8 million	\$1 million
Lake Bob Sandlin State Park	66,427	\$1.5 million	\$700,000
Purtis Creek State Park	104,855	\$1.2 million	\$700,000
Daingerfield State Park	55,734	\$800,000	\$400,000

Sources: Texas Coalition for Conservation and Texas Parks and Wildlife Department.



Exhibit 27

Recreational Lakes and Reservoirs Upper East Texas Region

Name	Location	Size	Average/ Maximum Depth
Big Creek Reservoir	1 mile north of Cooper	520 acres	27 feet/31 feet
Brandy Branch Reservoir	10 miles east of Longview	1,242 acres	47 feet/50 feet
Caddo Lake	Northeast of Marshall on the TX-LA state line	26,800 acres	10 feet/20feet
Cedar Creek Reservoir	15 miles west of Athens	32,623 acres	49 feet/53 feet
Cooper Lake	Northwest of Sulphur Springs	19,305 acres	50 feet/55 feet
Gladewater City Lake	In the city of Gladewater	481 acres	27 feet/30 feet
Lake Athens	5 miles east of Athens	1,799 acres	48 feet/50 feet
Lake Bob Sandlin	5 miles southwest of Mount Pleasant	9,004 acres	63 feet/66 feet
Lake Crook	5 miles north of Paris	1,060 acres	20 feet/24 feet
Lake Cypress Springs	15 miles northwest of Pittsburg	3,461 acres	53 feet/56 feet
Lake Fork	5 miles northwest of Quitman	27,265 acres	66 feet/70 feet
Lake Gilmer	4 miles west of Gilmer	1,010 acres	25 feet/28 feet
Lake Hawkins	4 miles northwest of Hawkins	776 acres	26 feet/30 feet
Lake Holbrook	3 miles northwest of Mineola	653 acres	26 feet/30 feet
Lake Jacksonville	3 miles southwest of Jacksonville	1,320 acres	59 feet/62 feet
Lake Murvaul	15 miles west of Carthage	3,397 acres	33 feet/36 feet
Lake O' the Pines	25 miles northeast of Longview	16,919 acres	45 feet/50 feet
Lake Palestine	15 miles southwest of Tyler	25,560 acres	56 feet/58 feet
Lake Quitman	5 miles north of Quitman	814 acres	21 feet/25 feet
Lake Striker	20 miles east of Jacksonville	1,863 acres	33 feet/35 feet
Lake Sulphur Springs	2 miles northwest of Sulphur Springs	1,340 acres	24 feet/28 feet
Lake Tawakoni	15 miles southeast of Greenville	37,879 acres	66 feet/70 feet
Lake Tyler (East)	Southeast of Tyler	2,276 acres	38 feet/40 feet
Lake Tyler (West)	Southeast of Tyler	2,224 acres	38 feet/40 feet
Lake Winnsboro	5 miles southwest of Winnsboro	806 acres	19 feet/23 feet
Lone Star Lake	On the west side of the city of Lone Star	1,516 acres	37feet/40 feet
Martin Creek Lake	3 miles southwest of Tatum	4,981 acres	31 feet/35 feet
Mill Creek Reservoir	In Van Zandt and Canton counties	237 acres	21 feet/25 feet
Monticello Reservoir	10 miles southwest of Mount Pleasant	2,001 acres	37feet/40 feet
Pat Mayse Lake	12 miles north of Paris	5,940 acres	51 feet/55 feet
Purtis Creek State Park Lake	12 miles northwest of Athens	349 acres	28 feet/30 feet
Welsh Reservoir	10 miles southeast of Mount Pleasant	1,269 acres	47 feet/50 feet
Wright Patman Lake	10 miles southwest of Texarkana	18,994 acres	34 feet/40 feet

Source: Texas Parks and Wildlife Department.

Texas Freshwater Fisheries Center

The Texas Freshwater Fisheries Center (TFFC) near Athens opened in 1996. TFFC provides an educational experience for visitors, promoting freshwater sport fishing and the enhancement and conservation of the state's aquatic resources.

TFFC is an \$18 million facility run by the Texas Parks and Wildlife Department (TPWD). The center covers 106 acres and includes a fish hatchery with 45 ponds covering 37 acres; a 24,000-square-foot laboratory; a 300,000 gallon aquarium; a 23,000-square-foot education center; a public fishing pond covering just over an acre; a wetland nature trail; a 26,000-gallon dive tank; 10,000 square feet of wildflowers; and 45,000 square feet of bedded plants. The center displays 56 species of fish, reptiles, and mammals in their natural habitats and 162 species of plants, shrubs and trees. TFFC also serves as the home of the Budweiser ShareLunker program, which invites anglers to donate trophy-sized largemouth bass for research and breeding purposes. TFFC receives more than 60,000 visitors each year.

TFFC was built entirely through public and private donations and grants. Much of the money came from the Sport Fish and Wildlife Restoration Fund, a federal program funded by a tax on purchases made by hunters and anglers. The city of Athens provided a financial package worth more than \$4 million, the largest single gift ever made to a Texas conservation project. Additional support came from the ShareLunker Foundation Inc., the Athens Municipal Water Authority, the Athens Economic Development Commission and a number of private corporations and conservation organizations.¹⁸

According to TPWD, about 1.8 million freshwater anglers contributed nearly \$4.3 billion to the Texas economy in 2006.¹⁹ This level of activity puts tremendous pressure on the freshwater fish population. Fish stocking and harvest regulations are TPWD's primary strategies in maintaining and improving the quality and quantity of fish in Texas lakes and rivers.

Hatcheries play a vital role in this effort. Stocking hatchery-reared fingerlings helps keep the quality of fishing high. TPWD annually produces more than 7.5 million bass, 1.2 million catfish, 5.8 million striped bass and hybrid striped bass and 1 million other fish of various types for stocking in Texas reservoirs. TFFC houses one of five state fish hatcheries. The center focuses on largemouth bass production, although other fish also are raised there. TFFC produces about 4 million largemouth bass annually.²⁰

Every county in the region offers some sort of legal hunting. There are, however, some differences regarding dove hunting depending on whether the county is in the Central or North Dove Hunting Zone. Central Dove Zone counties include Camp, Cass, Cherokee, Gregg, Harrison, Marion, Panola, Rains, Rusk, Smith, Upshur and Wood. North Dove Zone counties include Bowie, Delta, Franklin, Hopkins, Lamar, Morris, Red River and Titus.

In addition, Anderson, Henderson and Van Zandt counties have the same hunting seasons as counties in the Central Dove Zone, except that no turkey hunting is allowed; antlerless deer can be hunted by permit only; and bag

limits for white-tail deer are set at three, including no more than one buck and no more than two antlerless deer (**Exhibit 28**).²¹

In 2007, hunting and fishing enthusiasts in the Upper East Texas region purchased nearly 218,000 licenses from the Texas Parks and Wildlife Department, at a cost of about \$6.2 million. All revenues collected from the sale of hunting and fishing licenses go to a dedicated state fund set up for the protection, regulation and conservation of the state's fish and wildlife.²²

Energy

Affordable and reliable energy is vital to the prosperity and economic development of



Exhibit 28

**Bag Limits and Other Applicable Hunting Regulations
Upper East Texas Region, 2007-2008**

Animal	Season
White-tailed Deer	Open season lasts from November 3 until January 6. From Thanksgiving Day through the Sunday immediately following Thanksgiving Day, antler-less deer may be taken without permit, except in areas where a special permit is required. The limit is four deer with no more than two bucks having an inside spread of thirteen inches or greater. Archery season lasts from September 29 until November 2. The limit is four deer with no more than two bucks having an inside spread of thirteen inches or greater. Antler-less deer may be hunted without a permit unless TPWD has issued antler-less managed land deer permits (MLDP) to help control the deer population. A special youth-only season occurs twice a year on October 27 and 28, and January 19 and 20.
Squirrel	Open season lasts from October 1 until February 3 and May 1-31. The daily limit is ten.
Turkey	Open season runs from April 1-30. The annual bag limit for Rio Grande and Eastern turkey is four, no more than one of which may be an Eastern turkey. Archery only: September 29 – November 2. Special youth-only season: March 8-9 and May 3-4.
Quail	October 27 – February 24. Daily bag limit: 15; possession limit: 45.
Dove	Central Zone: September 1 – October 30 and December 26 – January 4 with no limit. North Zone: September 1 – October 30 with no limit.

Source: Texas Parks and Wildlife Department.

the Upper East Texas region. Fortunately, the region has been blessed with abundant natural resources that are being used to provide energy for the area's businesses and residents.

Oil and Natural Gas

The Upper East Texas region contains two of the top 25 producing oil fields in the state — the East Texas Field located in Cherokee, Gregg, Rusk, Smith and Upshur counties, and the Hawkins Field in Van Zandt and Wood counties.²³ The East Texas oil field is the largest and most prolific oil reservoir in the contiguous U.S. Since its discovery in October 1930, more than 30,000 wells have been drilled within its 140,000 acres, yielding nearly 5.2 billion barrels of oil. The formation

is still active today and is estimated to have more than 2 billion barrels of oil remaining.

There are active wells (oil-producing or enhanced-recovery wells) in every county in the region except for Delta, Lamar and Rains counties. The region has a total of 9,384 active oil wells, with the largest concentrations being in Gregg County (3,271 wells), Rusk County (1,915 wells), Wood County (701 wells) and Van Zandt County (615 wells).²⁴

Upper East Texas is also home to two of the state's top 25 producing natural gas fields — the Oak Hill and Carthage (Cotton Valley) fields located in Gregg, Panola and Rusk counties.²⁵ The Carthage Field was the largest natural gas producing field in the state until the Barnett Shale Field overtook it in 2004.²⁶

The Upper East Texas region contains two of the top 25 producing oil fields and two of the top 25 producing natural gas fields in the state.

The region has 12,264 active natural gas producing or enhanced recovery wells, with the greatest concentrations of wells in Panola County (4,884 wells), Rusk County (2,151 wells) and Harrison County (2,027 wells).²⁷

The Upper East Texas region's oil and natural gas industry accounted for more than 15,000 jobs and more than \$970 million in total earnings in 2007.²⁸

Air Quality

The Texas Commission on Environmental Quality (TCEQ) monitors the Air Quality Index for the Tyler-Longview-Marshall area on a daily basis. In addition, Gregg, Harrison, Rusk, Smith and Upshur counties formed the Northeast Texas Air Care Association (NETAC) in 1996 to address air quality issues in the area. These five counties were facing designation as a non-attainment area by the Environmental Protection Agency (EPA) due to ozone levels periodically exceeding federal clean air standards. NETAC worked with EPA and TCEQ and in 2002 entered into an Early Action Compact with the two agencies to develop and implement an action plan to reduce emissions in their region.

The plan's goal was to ensure that the five-county region met federal ozone standards by the end of 2007. Thanks to effective collaboration with industries, businesses and the general public, as well as TCEQ funding for data collection and monitoring, EPA designated all five counties as in attainment of the standard as of 2004. Because the Tyler-Longview-Marshall area is still classified as near non-attainment, efforts to maintain and improve the region's air quality continue.²⁹

Coal

The Upper East Texas region, particularly Franklin, Harrison, Hopkins, Panola, Rusk and Titus counties, has abundant lignite coal reserves. Lignite, the lowest-quality coal, is used almost entirely for electricity generation or to create heat for industrial processes such as smelting. The region contains six of Texas' 13 operating mines and produced more than 21 million tons of coal in 2007, about 52 percent of the state total (**Exhibit 29**).

Three mines in the region, Martin Lake, South Hallsville and Monticello Winfield, are among the 50 top producing U.S. mines. All of the region's mines support nearby coal-fired electricity generation plants or industrial facilities. The Darco Mine is currently listed as active but has not produced coal since 2001; it will change to reclamation

Exhibit 29

Active Coal Mines Upper East Texas Region, 2007

Name	Location	Company	Production
Martin Lake Mine	Rusk and Panola counties	Luminant Power	7,677,112
South Hallsville No. 1 Mine	Harrison County	Sabine Mining Company	4,153,485
Oak Hill Mine	Rusk County	Luminant Power	3,761,434
Monticello Winfield Mine	Franklin and Titus counties	Luminant Power	3,502,720
Monticello Thermo Mine	Hopkins County	Luminant Power	2,090,370
Darco Mine	Harrison County	Norit Americas Inc.	0
Upper East Total	—	—	21,185,121
Texas Total	—	—	40,785,403

Source: Texas Railroad Commission.

status in a few years.³⁰ In 2007, coal mining in the region accounted for more than 1,200 jobs and more than \$21 million in earnings.³¹

Utility Rates and Services

Upper East Texas is served by two different electric grids and several different electric companies. All or most of Anderson, Cherokee, Delta, Henderson, Hopkins, Lamar, Red River, Smith and Van Zandt counties are in the Electric Reliability Council of Texas (ERCOT) electric grid. All or most of Bowie, Camp, Cass, Franklin, Gregg, Harrison, Marion, Morris, Panola, Rains, Rusk, Titus, Upshur and Wood counties are in the Southwest Power Pool (SPP) electric grid.

Exhibit 30 shows how the Upper East Texas region is divided between the ERCOT and SPP electric grids.

Exhibit 31 shows the fuel sources used to provide power in the Upper East Texas region.³²

Texas began deregulating its retail electricity market in 2002. This deregulation, however, applies only to investor-owned utilities within the ERCOT region. Utilities owned by cities and rural cooperatives are not required to join the deregulated market. The Upper East Texas region has no municipally owned utilities and none of its rural cooperatives have joined the deregulated market.

Exhibit 32 lists the region's member-owned cooperatives and their service areas.

Residential electricity rates charged by the region's member-owned cooperatives ranged from 8.6 cents to 10.3 cents per kilowatt-hour (kWh) for residential electricity service in May 2008.³³

Exhibit 30

Areas in the ERCOT and SPP Electric Grids Upper East Texas Region

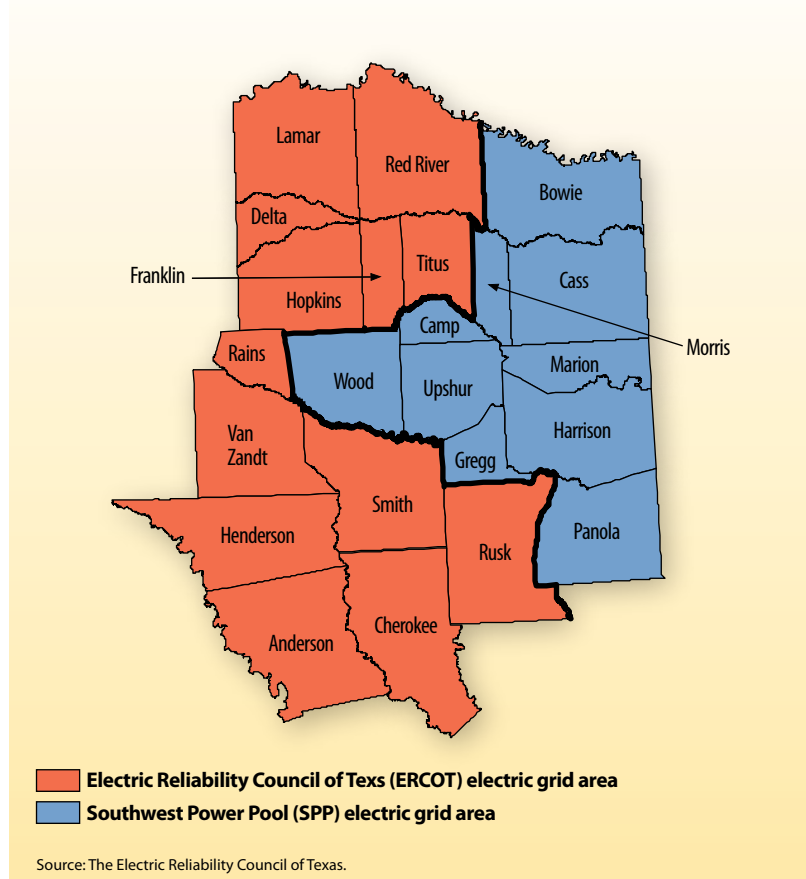


Exhibit 31

Percentage of Electricity Generated by Fuel Type ERCOT and SPP, 2007

Fuel Source	ERCOT	SPP
Natural Gas	46%	46%
Coal	37	42
Nuclear	13	1
Wind	3	2
Oil	0.5	5
Hydroelectric	0.5	4
Total	100%	100%

Note: Fuel Source totals have been rounded.

Sources: Electric Reliability Council of Texas and Southwest Power Pool.

Exhibit 32

Member-Owned Cooperatives Upper East Texas Region

Entity Name	Service Area
Bowie – Cass Electric Cooperative	Bowie, Cass, Titus, Morris, Red River and Franklin counties
Cherokee County Electric Cooperative	Cherokee, Smith and Rusk counties
Deep East Texas Electric Cooperative	Panola and Rusk counties
Lamar County Electric Cooperative	Lamar and Red River counties
Panola – Harrison County Electric Cooperative	Panola and Harrison counties
Rusk County Electric Cooperative	Gregg, Panola and Rusk counties
Upshur – Rural Electric Cooperative	Camp, Cass, Gregg, Harrison, Marion, Morris, Rusk, Smith, Upshur and Wood counties
Wood County Electric Cooperative	Camp, Franklin, Hopkins, Rains, Smith, Titus, Upshur, Van Zandt and Wood counties

Sources: Public Utility Commission of Texas and Texas Electric Cooperatives.

Areas involved in the deregulated ERCOT market include parts of Anderson, Cherokee, Delta, Henderson, Hopkins, Lamar, Red River, Rusk, Smith and Van Zandt counties. In these areas, as many as 40 private companies provide retail electric service to customers. The residential price per kWh in July 2008, based on a 1,000 kWh per month service plan, ranged from 15.2 cents to 20.2 cents in these areas.³⁴

Transportation

Transportation is essential to the economic health and prosperity of any area. The Upper East Texas region's roads are its primary means of moving goods and materials from agricultural and forestry areas to manufacturing, processing and warehouses, and eventually to urban markets inside the state and beyond. While the region has a vast network of roads, roadway concerns and spending tend to center on a few roads:

- Interstate Highway 20, running west from Louisiana through Harrison, Gregg, Smith and Van Zandt counties towards Dallas/Fort Worth area;
- Interstate Highway 30, running west from Arkansas through Bowie, Morris, Titus, Franklin and Hopkins counties towards Dallas/Fort Worth area;
- U.S. Highway 59, running north from Carthage through Panola, Harrison, Marion, Cass and Bowie counties to Texarkana;
- U.S. Highway 69, running north and then west from Lufkin through Cherokee, Smith, Wood and Rains counties towards Commerce;
- U.S. Highway 84, running east from Waco through Anderson, Cherokee, Rusk and Panola counties to Louisiana; and
- State Highway 31, running northeast from Waco through Henderson, Smith, and Gregg counties to Longview.³⁵

The Upper East Texas region's roads are its primary means of moving goods and materials from agricultural and forestry areas to manufacturing, processing and warehouses, and eventually to urban markets inside the state and beyond.



Highways

The Texas Department of Transportation (TxDOT) builds and maintains the Texas state highway system through local offices and contractors located around the state. Three TxDOT district offices serve Upper East Texas from locations in Atlanta, Paris and Tyler.

The region has 8,086 centerline miles (miles traveled in a single direction regardless of the number of lanes) and 18,782 total lane miles of state highways. It has about 1.1 million registered vehicles that travel just under 32 million miles daily. The state as a whole contains 79,696 centerline miles,

Exhibit 33

Highway Miles, Vehicle Miles Driven and Registered Vehicles Upper East Texas Region, 2006

County Name	Centerline Miles	Lane Miles	Daily Vehicle Miles	Registered Vehicles
Anderson	445	967	1,273,121	47,730
Bowie	491	1,201	2,918,274	90,295
Camp	118	265	306,090	13,515
Cass	439	985	1,059,381	32,386
Cherokee	509	1,148	1,260,669	41,814
Delta	167	363	192,700	6,580
Franklin	157	336	458,049	10,562
Gregg	261	786	2,731,184	125,254
Harrison	475	1,185	2,717,086	65,589
Henderson	415	992	1,824,391	81,624
Hopkins	439	953	1,535,197	36,489
Lamar	444	992	1,200,028	50,441
Marion	150	323	345,395	11,217
Morris	136	356	482,663	13,707
Panola	322	771	1,098,960	27,052
Rains	134	268	325,163	13,890
Red River	374	748	436,522	14,131
Rusk	520	1,172	1,404,492	49,177
Smith	596	1,587	5,212,275	199,709
Titus	225	541	1,085,666	32,691
Upshur	333	783	1,004,525	39,226
Van Zandt	520	1,166	2,204,182	58,772
Wood	416	894	917,346	48,284
Upper East Texas Total	8,086	18,782	31,993,359	1,110,135
Statewide Total	79,696	190,764	477,769,968	20,084,036

Source: Texas Department of Transportation.

190,764 total lane miles and more than 20 million registered vehicles that travel nearly 477.7 million miles each day (**Exhibit 33**).³⁶

Road construction, engineering and maintenance for state, local and private sources in the region accounted for more than 5,000 jobs and nearly \$187 million in earnings in 2007.³⁷

Recently TxDOT recommended that I-69/TTC use existing highway facilities where possible.

Trade Corridors

To facilitate trade, promote economic development and relieve traffic congestion on our roads, TxDOT is developing the Interstate 69/Trans-Texas Corridor, or TTC (**Exhibit 34**).

First proposed in the early 1990s, Interstate 69 — or “Super Highway 69” — was

initially envisioned as a multi-state trade corridor linking the trade areas of South Texas and Houston with markets in Chicago.³⁸

Over the years, the route through Texas has been debated, but recently TxDOT recommended that I-69/TTC use existing highway facilities where possible and proposed two routes out of Texas using U.S. Highway 84 into Louisiana and U.S. Highway 59 into Arkansas. In the Upper East Texas region, the proposed I-69/TTC route would include what is currently U.S. Highway 59, running through Panola, Harrison, Marion, Cass and Bowie counties.

As with other Trans-Texas Corridor projects, TxDOT plans on using state, federal and private toll dollars to build I-69/TTC. At this time, TxDOT has not established the need for additional rights of way from land-owners.³⁹ Depending on the final size of I-69/TTC and the need for potential bypass routes around urban areas, parts of Panola, Harrison, Marion, Cass and Bowie counties could be affected by the corridor.⁴⁰

Exhibit 34

Upper East Texas Trade Corridors



Proposed Interstate 69/Trans-Texas Corridor (TTC), route follows the existing US 59 route

Interstate 20 and 30.

Source: Texas Department of Transportation.

Public Transportation

Entities that provide public transportation and special transit services to most of the Upper East Texas region, excluding the urban areas of Gilmer, Longview, Texarkana and Tyler, are the East Texas Council of Governments-East Texas Rural Transit District (ETRTD) and the Arkansas-Texas Council of Governments. In the urban areas, services are provided by Citizen Services Enterprise in Gilmer, Longview Transit in Longview, Texarkana Urban Transit District in Texarkana and Tyler Transit Service in Tyler (**Exhibit 35**).⁴¹



Railways

The Upper East Texas region has five railroad companies operating within its area, including two Class I railroads, one regional railroad and two local railroads.⁴²

Union Pacific Railroad Company and Kansas City Southern Railway operate the majority of tracks in the Upper East Texas region; Blacklands Railroad, Texas Northeastern Railroad Company and Burlington Northern

Exhibit 35

Public Transportation Resources Upper East Texas Region

County Name	City Name	Public Transit Authorities
Anderson	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Bowie	Texarkana	Arkansas-Texas Council of Governments
Bowie	Texarkana	Texarkana Urban Transit District
Camp	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Cass	Texarkana	Arkansas-Texas Council of Governments
Cherokee	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Delta	Texarkana	Arkansas-Texas Council of Governments
Franklin	Texarkana	Arkansas-Texas Council of Governments
Gregg	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Gregg	Longview	Longview Transit
Harrison	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Henderson	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Hopkins	Texarkana	Arkansas-Texas Council of Governments
Lamar	Texarkana	Arkansas-Texas Council of Governments
Marion	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Morris	Texarkana	Arkansas-Texas Council of Governments
Panola	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Rains	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Red River	Texarkana	Arkansas-Texas Council of Governments
Rusk	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Smith	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Smith	Tyler	Tyler Transit Service
Titus	Texarkana	Arkansas-Texas Council of Governments
Upshur	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Upshur	Gilmer	Citizen Services Enterprise
Van Zandt	Kilgore	East Texas Council of Governments-East Texas Rural Transit District
Wood	Kilgore	East Texas Council of Governments-East Texas Rural Transit District

Source: American Public Transportation Association.

Rail Company also operate in the area. The majority of the region's rail lines run along or parallel to Interstate Highways 20 and 30, from the Texas border near Texarkana and Marshall to the Dallas/Fort Worth area (**Exhibit 36**).

The region's coal, timber and manufacturing industries use rail lines as a primary shipping and distribution method because it is typically the least expensive and most efficient.

Airports

The Upper East Texas region contains 26 public airports, including commercial airports in Tyler and Texarkana.⁴³

Exhibit 36

Upper East Texas Rail Lines, 2005



Source: Amtrak (National Railroad Passenger Corporation).

Texas State Railroad

The Texas State Railroad, originally built by inmates in the Texas prison system, dates back to 1881. The Texas prison system used the 25-mile railroad to transport lumber used for fuel to a prison-operated iron smelter at the Rusk Penitentiary. This facility supplied Texas with all types of iron products including the columns and dome structure at the state capitol. The prison ceased operating the iron furnace when it was converted into the state mental hospital in 1913. The rail line, meanwhile, was leased to private companies until 1972.

In 1972, TPWD assumed control of the railroad; prison inmates were brought in to help create state historical parks around its depots in Rusk and Palestine. The railroad and its parks were opened to the public on July 4, 1976, as part of the nation's Bicentennial celebration. In 2003, the Texas Legislature designated the Texas State Railroad as the "Official Railroad of Texas." TPWD operated the railroad until its management was privatized in September 2007.⁴⁴

Round-trip excursions through the piney woods of East Texas start at either the Rusk or Palestine depot and are offered year-round on weekends. An expanded schedule is available in the spring, summer and fall. A trip takes one and a half hours each way, with a 90-minute layover at each depot. Tickets cost \$17 for children and \$34 for adults.

In fiscal 2006, the Texas State Railroad attracted more than 51,000 non-local visitors who spent more than \$6.6 million in the area. The park had an overall positive economic impact on San Patricio, Jim Wells and Live Oak counties of more than \$4.4 million.⁴⁵



Tyler Pounds Regional Airport Named 2007 Airport of the Year

On March 12, 2008, the Federal Aviation Administration (FAA) recognized Tyler Pounds Regional Airport as its 2007 Airport of the Year in Texas. The FAA award recognizes airports for their outstanding contributions to improving aviation. According to Teri Bruner, FAA Southwest Region administrator, "The Tyler airport has contributed significantly to assuring the future growth, safety and efficiency of the national air transportation system." A new terminal added in 2002 has enhanced passenger flow and traffic movement. More recently, in 2007, the airport increased security and safety measures.⁴⁶

Two airlines, American Eagle and Colgan Air, serve the airport, each offering as many as 11 daily flights that serve about 150,000 travelers per year. Davis Dixon, the airport director, says, "the airport is a tremendous asset to the community. Travelers can get to their destination quicker and forgo the commute to Dallas. The airport also is an important economic development tool to lure new businesses and industries to Tyler."⁴⁷

Tyler Pounds Regional Airport is the region's busiest, with more than 79,076 passenger boardings in 2006, down approximately 8 percent from 2005 totals.⁴⁸ American Eagle and Continental's Colgan Air serve the Tyler airport.⁴⁹

Texarkana Regional Airport recorded 36,348 boardings in 2006, 5 percent more than in 2005.⁵⁰ This airport is also served by American Eagle and Continental's Colgan Air.⁵¹

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Health Care

Upper East Texas centers for health care services include Tyler in Smith County, Texarkana in Bowie County and Longview in Gregg County. Since the region is primarily rural, it faces a number of challenges in providing health care to its residents. Health care centers in urban areas, however, help provide necessary medical care throughout the region.

Health Care Infrastructure

Hospitals and medical facilities are key factors in any health care infrastructure. They provide a central point for advanced medical

services; encourage the growth of affiliated medical services in surrounding areas; and often are major employers in some areas.

The Upper East Texas region has nine for-profit hospitals, 24 nonprofit hospitals and seven public hospitals (**Exhibit 37**).¹ Of the 40 hospitals, eight are in Tyler; Texarkana has five; Longview has four; Palestine and Jacksonville each have two; and the remaining 19 are located in smaller communities.²

Tyler's East Texas Medical Center has 464 beds and is the region's largest hospital as well as one of the city's 10 largest employers. Good Shepherd Medical Center in Longview and Wadley Regional Medical Center in Texarkana, with 412 and 402 beds, respectively, are the region's second- and third-largest hospitals. Good Shepherd Medical Center, the Diagnostic Clinic of Longview and

Hospitals and medical facilities are key factors in any health care infrastructure.



Cancer treatment team at Wadley Hospital in Texarkana

PHOTO: Wadley Health Systems



Longview Regional Medical Center are three of the city's 10 largest employers.

The fourth-largest hospital in the region is Tyler's Mother Frances Hospital, with 389 beds. It is another major employer in the city. Paris Regional Medical Center in Paris with 364 beds, and CHRISTUS St. Michael

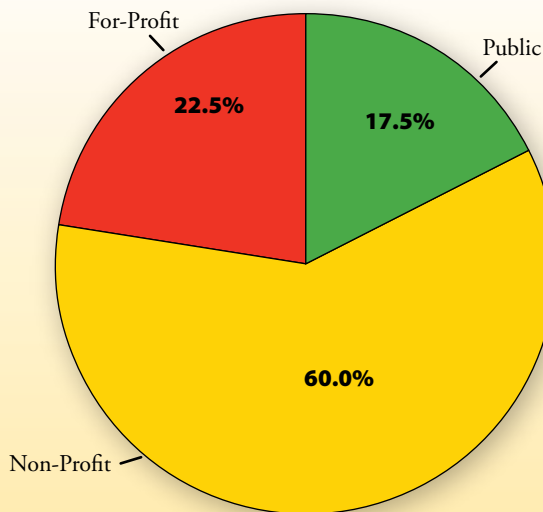
Health System in Texarkana with 278 beds, are the region's fifth- and sixth-largest hospitals, respectively. Wadley Regional Medical Center, CHRISTUS St. Michael Health System, Collum and Carney Clinic and Jordan Home Care are among Texarkana's 10 largest employers. In 2007, the region's acute care hospitals had a total of 4,405 staffed beds.³

In recent years, many of the region's hospitals have expanded facilities or instituted new programs. The Good Shepherd Medical Center has begun creating a new Institute for Healthy Living, an integrated wellness center that will combine rehabilitative services, education and a fitness facility complete with indoor track, indoor swimming pool, whirlpools and a fitness room.⁴ Exercise classes, swimming programs and even a full-service spa will be available for members.⁵

The University of Texas Health Science Center at Tyler (UTHSC-Tyler) is one of six medical schools in the University of Texas System. It has a 125-bed hospital and a number of outpatient clinics overseen by more than 100 faculty members specializing in pul-

Exhibit 37

Upper East Texas Hospital Ownership, 2007



Source: Texas Department of State Health Services.

Rural Health

From 1999 to 2006, the East Texas Rural Access Program (ETRAP) helped rural communities recruit physicians; mentored college students interested in entering the health professions; and assisted local doctors in improving the management of their clinics. Funded by a grant from the Robert Wood Johnson Foundation, ETRAP operated in Health Services Region 4/5, which includes all the counties in the Comptroller's Upper East Texas region as well as 15 other counties in deep East Texas. The East Texas Area Health Education Center (AHEC) estimated that ETRAP's consultations on practice management resulted in an average \$80,600 financial gain for each clinic.

Although ETRAP ceased operations in 2006, its accomplishments live on in projects continued by the East Texas AHEC. Today, the AHEC offers consultation services for doctor's practices, helps college students who want to train as health professionals and recruits medical providers for communities via a Web-based matching program.

In addition, the East Texas Health Access Network, or ETHAN, was founded by the program and continues today in Jasper, Newton, Tyler, Sabine and San Augustine counties. The network offers a prescription assistance program for uninsured, low-income residents. Community health workers also educate people in how to manage and live with diabetes.⁶



East Texas Medical Center Regional Healthcare System

Upper East Texas is home to the East Texas Medical Center Regional Healthcare System (ETMC). Originally one hospital, the East Texas Medical Center in Tyler (ETMC-Tyler), the system has expanded to include affiliate hospitals, rehabilitation facilities, rural health clinics and home health care. ETMC Regional Healthcare System now serves 12 Upper East Texas counties — Camp, Cherokee, Franklin, Henderson, Hopkins, Morris, Panola, Red River, Smith, Upshur, Van Zandt and Wood — and three surrounding counties. It serves more than 300,000 people every year and employs hundreds of physicians and health care professionals, making it the region's largest health care network.⁷

The ETMC Regional Healthcare System offers both primary care and advanced and specialized health care facilities and services. It delivers primary care through rural health clinics; more specialized care is available through ETMC affiliate hospitals and the ETMC center in Tyler. In addition, ETMC provides regional laboratory services, emergency care and transportation and home health care within the region.

ETMC-Tyler also includes a Level 1 trauma center, which means it has the staff and equipment needed to provide the highest level of care to trauma patients 24 hours a day, seven days a week. In addition, ETMC-Tyler has invested in state-of-the-art technology and can treat cancer patients with CyberKnife, a robotic radio surgery device that allows doctors to avoid surgery and treat inoperable tumors with greater precision.⁸

monology, cardiology, oncology, primary care, occupational medicine and surgery.⁹

UTHSC-Tyler is opening a clinic in Gladewater that will handle more than 8,000 patients each year. It will help residents find care nearby, saving them a drive to Longview.¹⁰ And near Lake Palestine in southwest Smith County, Trinity Mother Frances Hospital is expanding an existing health clinic into a 30,000-square-foot center including mammography, physical therapy and a fitness center with a pool.¹¹

The region also has four hospital districts (**Exhibit 38**), which have authority under Texas law to levy taxes in their jurisdictions for the support of health care and hospital services.¹²

Four of the region's 23 counties — Delta, Marion, Morris and Rains — have no hospitals (**Exhibit 39**).

Health Professional Shortage Areas

The U.S. Department of Health and Human Services has designated seven of the region's 23 counties as having a shortage of primary health care providers including primary care doctors, dentists and mental health professionals (**Exhibit 39**).

Exhibit 38

Hospital Districts Upper East Texas Region

Hopkins County Hospital District

Marion County Hospital District

Titus County Memorial Hospital District

Wood County Central Hospital District

Source: Texas Department of State Health Services.



Exhibit 39

Upper East Texas Counties Without a Hospital and Primary Care Health Professional Shortage Areas, 2007



Source: Texas Department of State Health Services.

care administration and research.¹⁴ UT-Tyler's nursing graduates are critical in delivering the region's health care; four out of every 10 practicing registered nurses in East Texas came from the university's programs.¹⁵

Tyler Junior College and other organizations have joined together to create a school of nursing at East Texas Medical Center in Jacksonville. The East Texas Medical Center Regional Healthcare System, Trinity Mother Frances Health System and the Jacksonville Economic Development Corporation are united in the effort. The school will hold class on the grounds of East Texas Medical Center, using former hospital rooms. The first class will train licensed vocational nurses starting in August 2008, followed by an associate nursing degree program in October 2008.¹⁶

Veterans' Health Care

Upper East Texas does not have a Veterans Affairs (VA) hospital. The closest VA hospitals are in Dallas, Bonham, Temple and

Volunteers in the Community

The Harrison County First Responders assist people in rural areas before an ambulance arrives. The all-volunteer nonprofit organization answers 25 to 75 calls each month, ranging from heart attacks and strokes to automobile accidents. The group works with fire, police and emergency medical services personnel, and most of its members are licensed emergency medical technicians. Their assistance can be critical — even lifesaving — when automobile accidents or other serious injuries occur and the EMS provider is still en route.¹⁷

The University of Texas at Tyler (UT-Tyler) is starting a new Ph.D. program for nurses in fall 2008. This online doctoral program is unique in Texas and has received more than 100 applications for 15 available slots.

In addition, one county in the Upper East Texas region, Delta County, has no practicing physicians, according to the Texas Department of State Health Services.¹³

Some East Texas organizations are working to increase the region's supply of medical professionals. The University of Texas at Tyler (UT-Tyler) is starting a new Ph.D. program for nurses in fall 2008. This online doctoral program is unique in Texas and has received more than 100 applications for 15 available slots. The program supplements UT-Tyler's existing bachelor-level and master's nursing programs. The doctoral program will train nurses for faculty positions and jobs in health



Waco. The region does have two VA Community Based Outpatient Clinics (CBOCs), however, in Tyler and Texarkana.¹⁸ The U.S. Veterans Health Administration (VHA) created the CBOCs in 1995 to augment the delivery of primary care to veterans.¹⁹ The program's goals include better preventive care and early disease intervention for veterans.

The Andrews Center Regional Outpatient Clinic located in Tyler recently started a new counseling program for veterans. Enlisted soldiers, veterans and their families in 18 East Texas counties can participate in the East Texas Resources for Iraq-Afghanistan Deployment (ETRIAD), which provides individual, group and family counseling at no charge. Veterans and their families can seek help with problems involving readjustment to civilian life, financial difficulties, post-traumatic stress disorder and other mental health issues. The program is supported by a grant from the TRIAD Fund of the Dallas Foundation. Services are currently funded through March 2009, but the Andrews Center hopes to win continued funding.²⁰

Health Insurance

Determining the rate of uninsured persons in individual counties is difficult because surveys undertaken to do so often rely on small sample sizes at the county level. The U.S. Census Bureau, however, created county-level estimates for the uninsured in 2000. Based on these estimates, 20 percent or more of the residents of four counties in the region — Red River, Camp, Cherokee and Titus — were uninsured. The lowest uninsured rate was in Panola County, with an estimated 14.9 percent of its residents uninsured.²¹

So how do uninsured persons obtain medical care, especially in rural areas? Counties with hospital districts have statutory responsibility to provide for indigent care. Some counties also participate in the County Indigent Health Care Program, under which counties are responsible for providing basic health care services for people who are not eligible for Medicaid but whose income is less than 21 percent of the federal poverty limits, varying depending on family size.²² In 2007, only one Upper East Texas county,

Enlisted soldiers, veterans and their families in 18 East Texas counties can participate in the East Texas Resources for Iraq-Afghanistan Deployment (ETRIAD), which provides individual, group and family counseling at no charge.

Rusk County Health Project

A 1999 survey in Rusk County found that residents there have a high rate of cardiovascular disease and related problems. The Texas Department of State Health Services and local elected officials worked together to address these and other health problems.

In 2001, three public health experts were hired to meet with community and business leaders and support local public health efforts. The team successfully assisted Rusk County in winning a grant from Homeland Security and forming a Local Emergency Planning Committee. In 2003, Rusk County obtained funding for communication equipment to allow county emergency personnel from different sectors to talk with one other. In 2008, the Rusk County commissioner's court appointed a nine-member board of health to continue the task of addressing critical public health needs in the county. The board is now working to develop a local health unit, a division of local government that provides public health services but does not provide every service required of a local health department.²³



Health Care for the Uninsured

In Tyler, the nonprofit Bethesda Health Clinic sees about 10,000 patients annually. Primary care physicians and specialists donate their time and expertise to treat the working uninsured population of Smith County. Founded in 2003, the faith-based health clinic also provides dental care for adults with equipment and instruments purchased with the assistance of the Tejas Dental Clinic.

Bethesda also recently initiated a case management program for people with diabetes. Nurses will monitor patients with diabetes to ensure that medical tests and follow-up appointments are scheduled and kept. In addition, a donation has enabled the clinic to perform colonoscopy and endoscopy procedures to patients at cost. The clinic is funded by donations and through the unpaid services of hundreds of community volunteers.²⁴

Lamar County, spent sufficient local funding on indigent health care in order to qualify for state reimbursement of some expenses.²⁵

Uninsured people also rely on hospitals, especially ones with emergency rooms, for general medical care. Under federal law, hospitals must treat anyone who shows up in their emergency rooms, regardless of their ability to pay. Thus emergency rooms often must treat many patients with conditions that do not warrant this highly expensive care, interfering

with their ability to serve those patients who truly need emergency care.

Heart Disease

Cardiovascular disease is actually a set of heart and blood vessel diseases such as ischemic heart disease (narrowed or blocked blood vessels leading to the heart), stroke and congestive heart failure. These ailments account for two out of every five deaths in Texas. Heart disease and stroke are of particular concern in Upper East Texas, where mortality rates from heart disease are among the highest in the state (**Exhibit 40**).²⁶

The Texas Department of State Health Services estimates that its Health Services Region 4, which is the same as the Comptroller's Upper East Texas region, has a 13.5 percent rate of cardiovascular disease, or more than an estimated 108,000 persons. Across the state, the estimated prevalence of cardiovascular disease is 8.5 percent, or more than 1.4 million persons affected.

Costs to the region's hospitals due to heart disease totaled \$436.5 million in 2005, while hospital costs due to congestive heart failure

Heart disease and stroke are of particular concern in Upper East Texas, where mortality rates from heart disease are among the highest in the state.

Texas Fitness

In 2007, Texas Comptroller Susan Combs announced the Texas Fitness Now grant program, aimed at middle school students attending schools whose enrollment is at least 75 percent economically disadvantaged. Texas Fitness Now helps teach children the importance of physical activity and fitness.

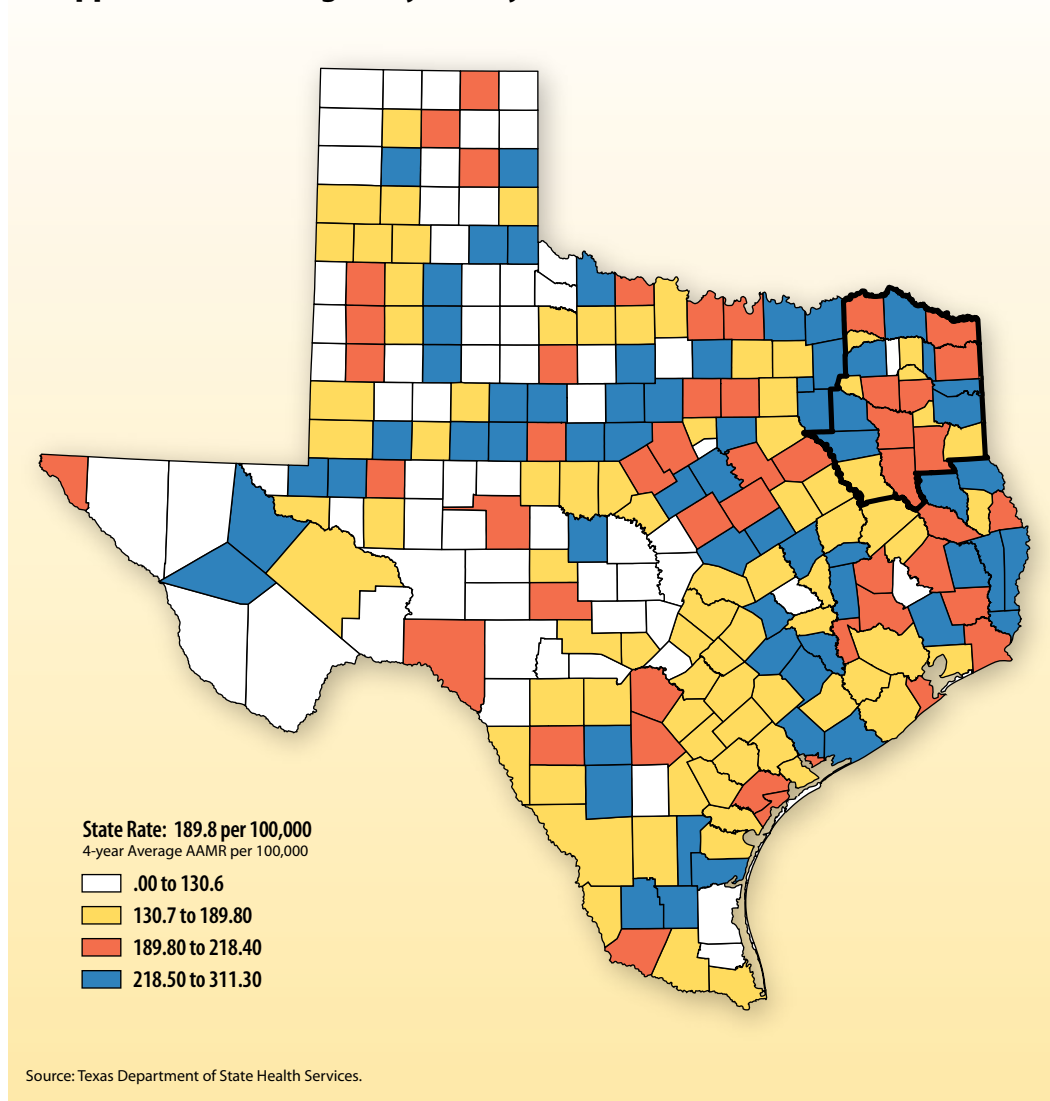
To be eligible for a Texas Fitness Now grant, a school must ensure that students in grades 6, 7 and/or 8 participate in physical activity for either 30 minutes a day or 225 minutes per two-week period for the entire school year, plus several other physical fitness or administrative requirements.

Texas Fitness Now grants may be used to buy equipment, develop a physical education curriculum and instructional materials or to train teachers to help their students become fit. At least 25 percent of the funds are directed for nutritional education. Schools in the Longview Independent School District and the Tyler Independent School District were among Texas schools that have received this funding.²⁷



Exhibit 40

Heart Disease Four-year Average Age- Adjusted Mortality Rates for Upper East Texas Region by County 1999-2002



Texas hospital inpatient discharge data indicate that counties in the Upper East Texas region have a higher-than-average number of admissions for congestive heart failure per 100,000 residents.

reached \$142.8 million. Stroke accounted for another \$112.1 million in hospital costs. Note that these numbers do not include other medical costs, including medicine, doctor visits and therapy, which are associated with treating cardiovascular disease.²⁸

Texas hospital inpatient discharge data indicate that counties in the Upper East Texas region have a higher-than-average number

of admissions for congestive heart failure per 100,000 residents (**Exhibit 41**). In 2005, Red River County had nearly four times the number of hospital admissions due to congestive heart failure; Camp County had nearly three times the state level of hospital admissions. Anderson, Bowie, Gregg, Henderson, Panola, Rusk, Upshur and Wood counties also had significantly higher admis-



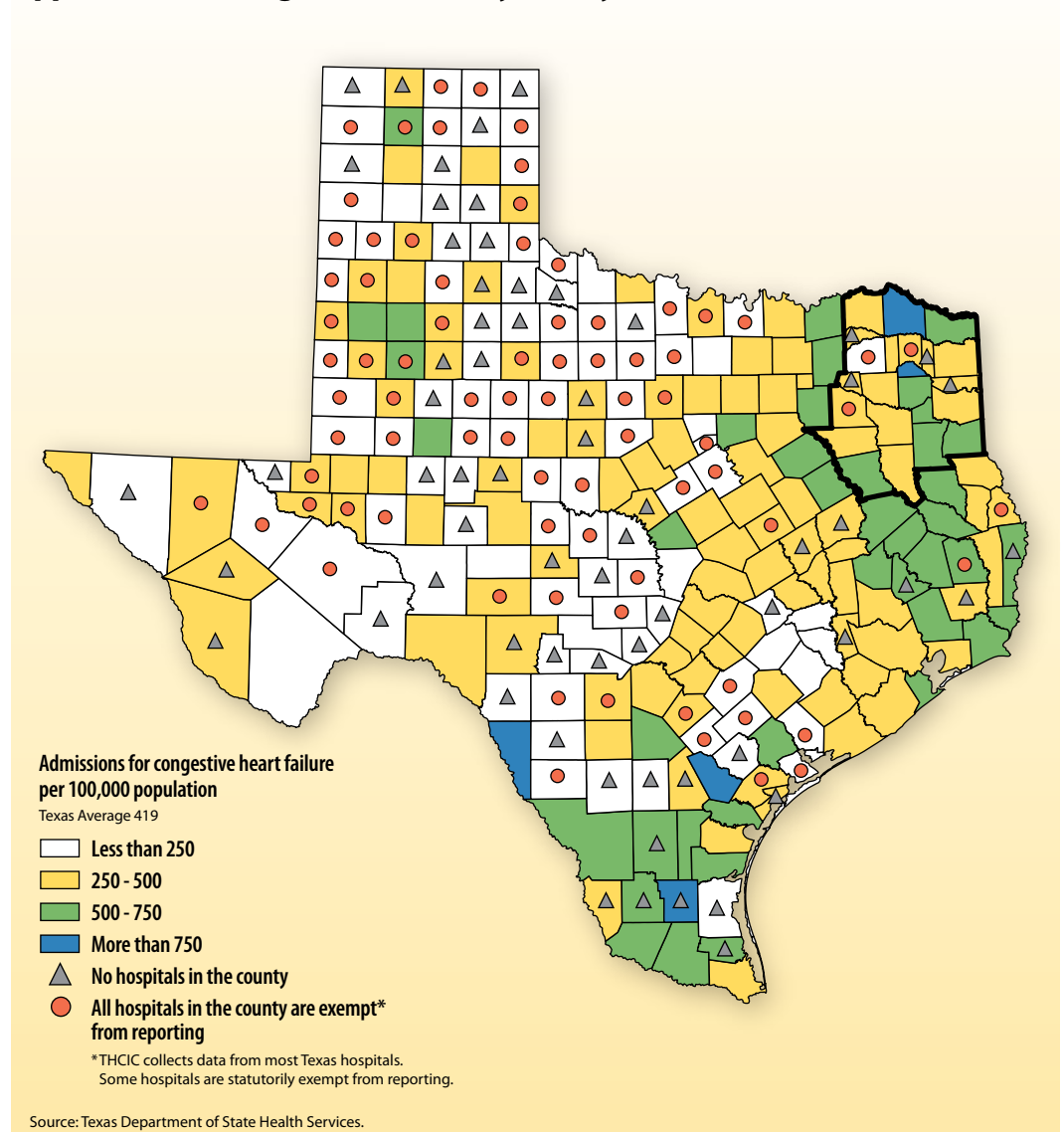
sions rates compared with the state average of 419 per 100,000 population, even after adjusting for risk factors to make the statistics comparable to Texas as a whole.²⁹

In the Upper East Texas region, localities are joining the fight against cardiovascular disease. In Tyler, a no-smoking ordinance recently went into effect. Smoking is one of the risk factors for cardiovascular disease and

a no-smoking ordinance is recommended as one way for communities to fight the disease.³⁰ An estimated 24.2 percent of Upper East Texas residents smoke, according to the Texas Department of State Health Services.³¹ In Tyler, the ordinance prohibits smoking in public places and places of employment, including restaurants, bars and retail facilities. The ordinance went into effect June 1, 2008.³²

Exhibit 41

Admissions for Congestive Heart Failure Upper East Texas Region and Texas by County, 2005





Endnotes

- ¹ Public hospitals are those owned and operated by cities or counties, while nonprofit hospitals are those meeting Internal Revenue Service standards for nonprofit organizations.
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- ⁴ Business Images of East Texas, "A Cure for What Ails You," April 25, 2008, p. 1, http://imageseasttexas.com/index.php/site/articles/health/a_cure_for_what_ails_you. (Last visited September 24, 2008.)
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- ⁶ E-mail communication from Ingrid Bowden, administrative manager, East Texas Area Health Education Center, July 11, 2008.
- ⁷ East Texas Medical Center Regional Healthcare System, "One with East Texas: Providing Care Across Our Region," pp. 1-2, <http://www.etmc.org/aboutus.htm>. (Last visited September 24, 2008.)
- ⁸ "ETMC Announces New Method to Treat Tumors," *Tyler Morning Telegraph* (October 12, 2006), <http://www.tylerpaper.com/article/20061012/ARC/610120351>. (Last visited September 24, 2008.)
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- ²⁹ Texas Department of State Health Services, *Preventable Hospitalizations, 2005* (Austin, Texas: December 2007), <http://www.dshs.state.tx.us/THCIC/Publications/Hospitals/PQIRReport2005/PreventableHospitalizations2005.shtm>. (Last visited September 24, 2008.) See section on congestive heart failure.
- ³⁰ Texas Department of State Health Services, *Texas Plan to Reduce Cardiovascular Disease and Stroke*, pp. 18-19.
- ³¹ Texas Department of State Health Services, “Cardiovascular Health Facts 2001-2005: Texas Health Services Region 4.”
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Education

Economic growth begins with an educated work force. Texas' ability to develop a well-educated and highly skilled work force is essential to its competitive position in the global economy.

Public schools in the Upper East Texas region are maintaining high levels of academic recognition, and enrollment in area colleges and universities is increasing.

Public Education

About 4.1 percent of the state's public elementary and secondary students go to school in Upper East Texas. The region is home to 121 public school districts with 479 campuses, as well as five charter districts and

their six campuses. Upper East Texas schools provide early childhood through Grade 12 education for more than 190,000 students.

The region's number of students has grown over the past several years, rising by 3.5 percent between the 2001-02 and 2007-08 school years. This increase represents a net gain of more than 6,400 students.¹ The population of the region, state and nation grew by 6.4, 11.8 and 6.0 percent, respectively, over the same time period.²

In the 2007-08 school year, the region's largest independent school districts (ISDs) by enrollment were Tyler ISD in Smith County, with more than 18,000 students, and Longview ISD in Gregg County, with more than 8,000 students. The smallest districts were Marietta in Cass County, with 31 students, and Malta in Bowie County, with 118 students.



Music Competition at Palestine Independent School District

PHOTO: Craig Harris/PISD



Exhibit 42

**Ethnicity of Public School Students
Upper East Texas Region, 2001-02 vs. 2007-08 School Years**

Ethnicity	2001-02	2007-08
White	65.0%	60.3%
Hispanic	12.5	18.0
Black	21.6	20.4
Asian/Pacific Islander	0.6	0.8
Native American	0.4	0.5

Source: Texas Education Agency.

The Upper East Texas region, like the state, has seen its public school population become more diverse and more Hispanic (**Exhibit 42**).³ But it is still less ethnically diverse than the statewide student population, which is 47.2 percent Hispanic, 34.8 percent White, 14.3 percent Black, 3.4 percent Asian/Pacific Islander and 0.3 percent Native American.⁴

The region has seen an increase in the number of economically disadvantaged students. In 2001-02, nearly 86,000 students or 46.6 percent of total enrollment were identified as economically disadvantaged.⁵ In 2007-08, almost 102,000 students or 53.5 percent of the region's students were classified in this way. This was lower, however, than the statewide average of 55.2 percent.⁶

Exhibit 43

**2007-2008 Accountability Ratings
School Districts**

Rating	Upper East Texas	Statewide
Exemplary	0.8%	3.5%
Recognized	22.2	26.7
Academically Acceptable	75.4	66.6
Academically Unacceptable	1.6	3.0
Not Rated: Other	0.0	0.2

Note: "Not Rated: Other" includes campuses such as alternative education programs or early childhood education centers. These data include charter districts. Totals may not equal 100 percent due to rounding.
Source: Texas Education Agency.

Accountability

The region's districts compared favorably with statewide averages in the 2007-2008 district accountability ratings established by the Texas Education Agency (TEA). The Upper East Texas region exceeded the state average for Academically Acceptable ratings. In addition, the region's districts fared better than the statewide average in districts deemed Academically Unacceptable (**Exhibit 43**).

As of August 2008, one of the region's 126 districts was rated Exemplary; 28 were rated Recognized; 95 were rated Academically Acceptable; and 2 were rated Academically Unacceptable.

Upper East Texas also exceeded statewide averages in its number of campuses rated Academically Acceptable. A smaller share of its campuses were rated Academically Unacceptable than in the state as a whole (**Exhibit 44**).

Exhibit 44

**2007-2008 Accountability Ratings
School Campuses**

Rating	Upper East Texas	Statewide
Exemplary	8.7%	12.2%
Recognized	33.8	34.4
Academically Acceptable	48.7	42.8
Academically Unacceptable	1.9	2.6
Not Rated: Other	7.0	8.0

Note: "Not Rated: Other" includes campuses such as alternative education programs or early childhood education centers. These data include charter districts. Totals may not equal 100 percent due to rounding.
Source: Texas Education Agency.



Museums and Performing Arts

A number of museums and performing arts organizations help educate, entertain and enrich the lives of the region's residents.

Location	Museums and Performing Arts Organizations
Carthage	Texas Country Music Hall of Fame & Tex Ritter Museum
Edgewood	Edgewood Heritage Park and Historical Village
Emory	A.C. McMillan African American Museum
Gilmer	Flight of the Phoenix Aviation Museum
Henderson	The Depot Museum
Kilgore	Texas Shakespeare Festival; East Texas Historical Museum
Longview	Longview Museum of Fine Arts
Marshall	Harrison County Historical Museum; Michelson Museum of Art
Sulphur Springs	Southwest Dairy Museum and Education Center
Texarkana	Perot Theater; Museum of Regional History & Wilbur Smith Research Library; Discovery Place Children's Museum; Ace of Clubs House
Tyler	East Texas Symphony Orchestra; Tyler Civic Ballet; Discovery Science Place; Smith County Historical Museum; Tyler Museum of Art

Sources: Texas Almanac and the Texas Comptroller of Public Accounts.

Of the 485 campuses in the region's districts, including charter schools, 42 were rated Exemplary; 164 were Recognized; 236 were Academically Acceptable; 9 were Academically Unacceptable; and 34 were listed as "Not Rated: Other" in 2007-2008.

All 5 of the region's charter districts were rated Academically Acceptable. Each of the charter districts campuses received the same rating as its district.⁷

Among the region's districts that teach all grade levels, two ISDs in Bowie County had the highest percentage of students passing all Texas Assessment of Knowledge and Skills (TAKS) tests. Red Lick ISD had the largest percentage of students passing all TAKS, at 97 percent. Malta ISD had the next largest share of students passing all TAKS, at 95. (An average for the Upper East Texas region

is not available because TEA reports district data only as percentages.)⁸

Within the region, all graduating students in Avinger ISD took college entrance exams in the 2005-06 school year. The district's performance significantly outpaced the statewide average of 65.8 percent. Of the 107 Upper East Texas districts for which data are available, 33 had shares above the state average and 81 had lower shares.

Pleasant Grove ISD had the highest percentage of students taking the tests who scored at or above the criterion score TEA uses to measure college readiness, at 51 percent; the district also had more than 75 percent of its graduating students take at least one of the tests. Statewide, just 27.1 percent of students who took at least one of the tests scored at or above the criterion score.⁹

Within the region, all graduating students in Avinger ISD took college entrance exams in the 2005-06 school year.



Outcomes

According to the 2000 Census, 75.1 percent of Upper East Texas residents over the age of 25 had a high school diploma, a GED or some higher education. This was only slightly below the statewide average of 75.7 percent.¹⁰

In the 2006-07 school year, 11,061 students graduated from the region’s public high schools, representing about 4.6 percent of the statewide total that year. Tyler ISD had the largest number of graduates (792), while Laneville ISD had the smallest number, with just four graduates.

About 13.1 percent of the region’s students graduated under the state’s most stringent graduation plan, the Distinguished Achievement plan; 57.3 percent under the Recommended plan, which is the required plan; and 29.6 percent under the Minimum plan, a less stringent graduation plan that requires both parental and school approval, or under an Individual Education Plan offered through Special Education (**Exhibit 45**).¹¹

School Finance

In the 2006-07 school year, the Upper East Texas region’s total school spending per pu-

pil, including debt service, averaged \$9,833. This is about 6.1 percent higher than the statewide average of \$9,269 for that year.

Twenty-nine districts in the region were 20 percent or more above the statewide spending average. But the region had 94 districts, including charters, which were below the statewide average.¹²

Excluding charter districts, which do not receive funding from local tax revenue, the region’s lowest total tax rate in 2006 was in the Como-Pickton Consolidated ISD, at \$1.117 per \$100 of property value. Pine Tree ISD levied the highest rate, at \$1.614. The statewide average was \$1.452; 37 districts in the Upper East Texas region had higher rates.¹³

The region generated a lower percentage of its school revenue from local taxes (43.4 percent) than the statewide average of 48.3 percent. Beckville ISD received the largest portion of its school funding from local taxes (74.2 percent), while McLeod ISD had the lowest share (7.1 percent). The percentage of revenue from other local sources, such as transfers and tuition, was only marginally higher in the region than statewide, at 6.9 percent versus 6.3 percent. Clarksville ISD gained 27.4 percent

In the 2006-07 school year, 11,061 students graduated from the region’s public high schools.

Exhibit 45

2006 High School Graduates
Upper East Texas Region vs. Statewide

Graduation Plan	Upper East Texas	Statewide
Distinguished Achievement	13.1%	10.8%
Recommended	57.3	67.0
Minimum/IEP	29.6	22.1
Distinguished Achievement & Recommended as Percent of Total	70.4%	77.9%

Source: Texas Education Agency.



of its revenue from other local sources, for the highest share in the region; the Linden-Kildare Consolidated ISD received the lowest percentage for non-charter schools, at 1.4 percent.

McLeod ISD had the lowest property wealth per pupil in 2006, at \$62,959, while Tatum ISD led the region with \$1,319,632 per pupil. The regional average was \$299,992, or 1.7 percent lower than the statewide average of \$305,208.

Texas law requires districts with relatively high property wealth per pupil to share it with less-wealthy districts through a process called “equity transfers.” In 2006, nine districts in the Upper East Texas region transferred roughly \$40.9 million, an average of \$216 per pupil, to other districts. The statewide average was \$286 per pupil. Carthage ISD transferred the largest amount (\$15.8 million), while Tatum ISD had the highest per-pupil transfer at \$9,403.

McLeod ISD received more than 78 percent of its revenue from the state in 2006, the highest share among districts that also receive some part of their revenue from local taxes. The Daingerfield-Lone Star and Tatum ISDs received the smallest state shares, at 12.9 and 13 percent, respectively. The regional average for 2006 was 39.0 percent, slightly higher than the statewide average of 33.9 percent. The region also received a lower share of federal funds than the statewide average, at 10.7 percent versus 11.5 percent.¹⁴

Teachers

The average Upper East Texas teacher salary in the 2007-08 school year was \$41,109, 11 percent below the statewide average of \$46,178. Tyler ISD had the highest average

The Perot Theater

The restored Perot Theater in downtown Texarkana is one of the true cultural treasures of Upper East Texas. The theater was originally built by Saenger Amusement in the 1920s as the company’s “Gateway to the West” performance hall, at a time when Texarkana was a major rail hub. The Perot was designed by German architect Emil Weil in the neo-Italian Renaissance style and is listed in the National Register of Historic Places.

When the theater opened in 1924, it was an important regional attraction. In 1931, it was purchased by Paramount Theaters and became a first-run movie house. Admissions dried up over the years, but it continued to screen second- and third-run films during the 1970s, though it had fallen into serious disrepair.

Recognizing it as an important cultural and aesthetic asset for the community, Texarkana community leaders bought the theater in 1977 for \$19,000, and organized a multi-million dollar campaign to restore it. The restoration project was largely funded by Texarkana native son H. Ross Perot and his sister Bette, in honor of their parents. Restored to its former glory, the Perot Theater was rechristened and reopened in 1981.

Since its reopening, the theater has entertained more than 700,000 visitors at more than 1,000 events, supporting a thriving performing arts community in the city. The theater has hosted performers such as Wynton Marsalis, David Copperfield and the Houston Ballet as well as such productions as “Cyrano de Bergerac,” “The Sound of Music” and “Hairspray.”

The Perot Theater is owned by the city of Texarkana and operated by the Texarkana Regional Arts and Humanities Council.¹⁵

salary at \$44,367. (A district’s average salary can vary due to the length of teachers’ tenure as well as its wage levels. In other words, District A may have a higher average salary than District B because it has a higher percentage of experienced teachers, even though its wage levels for various years of experience may be lower than District B’s.)¹⁶

Average salaries in the region rose by 12.8 percent from 2002-03 to 2007-08, compared



Upper East Texas has 17 institutions of higher education.

with a statewide average of 15.5 percent. Panola Charter School had the highest percentage increase over this period, at almost 61 percent.¹⁷

The region's teacher salaries accounted for almost 31 percent of total district expenditures from all funds in 2006-07, about the same as the statewide average of 31.1 percent. Slocum ISD had the highest percentage of teacher salaries to total expenditures, at 46.4 percent. In all, 89 districts in the region devoted a higher percentage of expenditures to teacher salaries than the statewide average, while 37 had lower percentages.

In 2006-07, the region had a lower average number of students per teacher, at 13.3 ver-

sus the statewide average of 14.7. Marietta ISD had the lowest number of students per teacher, at 5.3.¹⁸

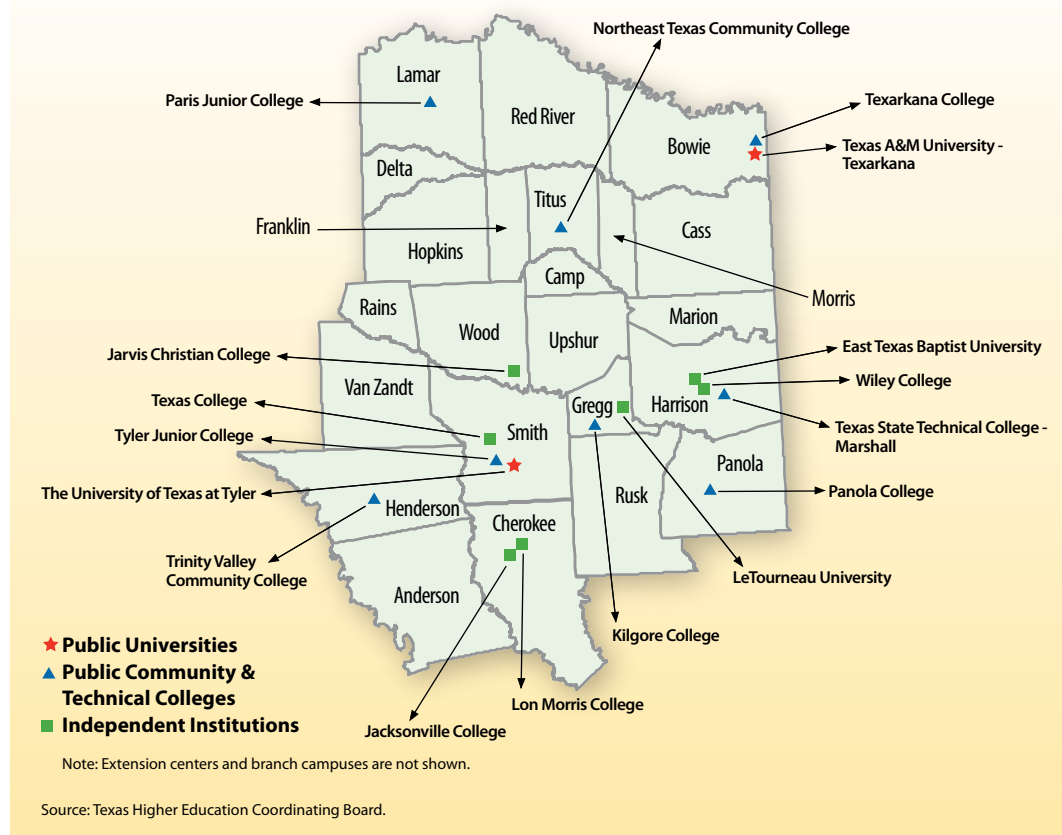
Higher Education

Upper East Texas has 17 institutions of higher education (**Exhibit 46**). These institutions administer 28 campuses across the region. Thirteen of the region's 23 counties have at least one higher education campus (**Exhibit 47**).

The region has two public universities, University of Texas at Tyler (UT-Tyler) and Texas A&M University-Texarkana (A&M Texarkana) in Smith County. In addition

Exhibit 46

Institutions of Higher Education Upper East Texas Region





to its main campus in Tyler, UT-Tyler has a teaching site in Palestine in Anderson County as well as other sites in the region. A&M Texarkana is an upper-level university serving junior, senior and graduate students.

The Upper East Texas region has seven community college districts — Kilgore College, Northeast Texas Community College, Panola College, Paris Junior College, Texarkana College, Trinity Valley Community College and Tyler Junior College — with a total of 12 campuses in 14 counties. In addition to its main campus, Kilgore College operates a satellite campus in Longview. Similarly, Tyler Junior College operates satellite campuses in Jacksonville and Lindale. Paris Junior College has an additional campus in Sulphur Springs, while Panola College has a site in Jefferson.

In addition, the region has a branch of Texas State Technical College in Marshall.

Upper East Texas also has four private universities: LeTourneau University in Longview; East Texas Baptist University and Wiley College in Marshall; and Texas College in Tyler. There are two private junior colleges, Jacksonville College and Lon Morris College, in Jacksonville.¹⁹ Wiley College, Texas College and Jarvis Christian College are historically Black institutions. All are accredited, independent four-year schools.²⁰

Enrollment

In fall 2007, 48,302 students were enrolled in Upper East Texas public and private colleges and universities. Enrollment in public and private four-year universities accounted for 32.1 percent of the total, while the remaining 67.9 percent were enrolled in two-year institutions.

Exhibit 47

Higher Education Campuses Upper East Texas Region

Institution	City	County
Trinity Valley Community College – Palestine	Palestine	Anderson
University of Texas at Tyler Teaching Site (Palestine)	Palestine	Anderson
Texarkana College	Texarkana	Bowie
Texas A&M University – Texarkana	Texarkana	Bowie
Jacksonville College	Jacksonville	Cherokee
Lon Morris College	Jacksonville	Cherokee
Tyler JC – Jacksonville Extension	Jacksonville	Cherokee
Kilgore College	Kilgore	Gregg
Kilgore College – Longview Extension	Longview	Gregg
LeTourneau University	Longview	Gregg
University of Texas at Tyler Teaching Site (Longview)	Longview	Gregg
East Texas Baptist University	Marshall	Harrison
Texas State Technical College – Marshall	Marshall	Harrison
Wiley College	Marshall	Harrison
Trinity Valley Community College	Athens	Henderson
Paris Junior College – Sulphur Springs Extension	Sulphur Springs	Hopkins
Paris Junior College	Paris	Lamar
Panola College	Carthage	Panola
Panola College – Jefferson College Center	Jefferson	Marion
Texas A&M University – Texarkana Teaching Site (Jefferson)	Jefferson	Marion
Texas College	Tyler	Smith
The University of Texas at Tyler	Tyler	Smith
The University of Texas Health Center at Tyler	Tyler	Smith
Tyler Junior College	Tyler	Smith
Tyler Junior College – Lindale	Lindale	Smith
Northeast Texas Community College	Mount Pleasant	Titus
Texas A&M University – Texarkana Teaching Site (Mt. Pleasant)	Mount Pleasant	Titus
Jarvis Christian College	Hawkins	Wood

Source: Texas Higher Education Coordinating Board.



Texas A&M University-Texarkana

Texas A&M University-Texarkana, formerly East Texas State University at Texarkana, is an upper-level university serving junior, senior and graduate students on the border of Texas and Arkansas. The university, established in 1971, became part of the Texas A&M University System in September 1996.

A&M-Texarkana offers 20 baccalaureate and 11 graduate degree programs and certificate programs in Behavioral Sciences, Business Administration, Arts and Sciences and Education, all under the authorization and jurisdiction of the Texas Higher Education Coordinating Board.

The university has 56 full-time faculty members, with 89 percent of them holding doctoral degrees in their field of instruction. The teacher-to-student ratio is 1 to 14.

A&M-Texarkana serves 1,549 students, including 569 graduate students. About 70 percent of its students are enrolled part-time. Seventy-five percent of students who attend A&M-Texarkana are female. According to the Texas Higher Education Coordinating Board, the average age of students attending A&M-Texarkana in fall 2007 was 32, compared with 24 for the average Texas college student.

Its location on the Texas-Arkansas border gives the university ample opportunity to serve students from neighboring states. About 30 percent of the student body is from Arkansas. Students from Oklahoma and Arkansas pay in-state tuition rates.²¹

The University of Texas at Tyler

The University of Texas at Tyler is one of Texas' fastest-growing universities. A member of the University of Texas System, The UT-Tyler campus has 6,150 students representing 45 nations and 35 states. UT-Tyler rests on 200 acres and has 14 modern buildings on a campus arranged around two lakes. UT-Tyler has five colleges offering nearly 90 academic degrees. UT-Tyler also serves as an economic development engine for the East Texas region by conducting more than \$4 million in research annually and adding more than \$208 million in wages and 1,913 permanent jobs to the area. The two most popular degree plans at UT-Tyler are nursing and education. So it is not surprising that four of every 10 professional nurses in East Texas graduated from UT-Tyler, and one out of every five school children in East Texas' public and private schools encounters a UT-Tyler graduate serving as teacher or administrator.²²

The region's largest higher education institution by enrollment is Tyler Junior College, with 8,220 students in fall 2007. The smallest public institution is Texas State Technical College, with 705 students enrolled in fall 2007.

Total enrollment in the region's higher education institutions rose by 26.8 percent between 2000 and 2007. Enrollment at two-year institutions rose by 19 percent compared with 46.9 percent for universities. In numerical terms, universities added 4,944 students while two-year college enrollment increased by 5,237. For the state as a whole, public university enrollment increased by 19.9 percent, while enrollment at public two-year institutions, including community colleges, rose by 31.1 percent.

Among the region's institutions, UT-Tyler had the largest enrollment growth between 2000 and 2007, adding 2,545 students, a 70.9 percent increase (**Exhibit 48**).²³

Accessibility

UT-Tyler had 1,536 first-time undergraduate applicants for its fall 2007 semester. The institution accepted 83.3 percent of them, less than the statewide average of 92 percent. Of the 1,279 students accepted to UT-Tyler, 19.1 percent were in the top 10 percent of their high school graduating classes, compared with 20.4 percent of students accepted to undergraduate institutions statewide.²⁴

As an upper-level institution, A&M-Texarkana does not admit first-time, full-time, degree-seeking undergraduates.²⁵

Outcomes

Because some degrees require more than four years of study, and because some students may need more time to graduate,



Exhibit 48

Fall Headcount Enrollment Upper East Texas Region, 2000 and 2007

Public Institution	Fall 2000 Enrollment	Fall 2007 Enrollment	Enrollment Change	% Change
The University of Texas at Tyler	3,592	6,137	2,545	70.9%
Texas A&M University – Texarkana	1,195	1,605	410	34.3
Regional Total – Public Universities	4,787	7,742	2,955	61.7%
Statewide Total – Public Universities	414,626	497,195	82,569	19.9%
Kilgore College	3,872	5,135	1,263	32.6
Northeast Texas Community College	1,990	2,458	468	23.5
Panola College	1,422	1,884	462	32.5
Paris Junior College	2,936	4,286	1,350	46
Texarkana College	3,394	3,916	522	15.4
Trinity Valley Community College	4,588	5,569	981	21.4
Tyler Junior College	8,240	8,220	-20	-0.2
Texas State Technical College – Marshall	511	705	194	38
Regional Total – Two-year Public Colleges	26,953	32,173	5,220	19.4%
Statewide Total – Two-year Community Colleges	431,934	568,760	136,826	31.7%
Private Institution	Fall 2000 Enrollment	Fall 2007 Enrollment	Enrollment Change	% Change
East Texas Baptist University	1,402	1,404	2	0%
Jarvis Christian College	537	712	175	32.6
LeTourneau University	2,975	3,921	946	31.8
Texas College	281	774	493	275
Wiley College	552	925	373	67.6
Regional Total – Private Universities	5,747	7,736	1,989	34.6%
Statewide Total – Private Universities	107,400	114,042	6,642	6.2%
Jacksonville College	270	264	-6	-0.98
Lon Morris College	364	387	23	6.32
Regional Total – Two-year Private Colleges	634	651	17	2.7%
Statewide Total – Two-year Private Colleges	634	651	17	2.7%
	Fall 2000 Enrollment	Fall 2007 Enrollment	Enrollment Change	% Change
Regional Total Higher Education	38,121	48,302	10,181	26.7%
Regional Total 4-Year Institutions	10,534	15,478	4,944	46.9%
Regional Total 2-Year Institutions	27,587	32,824	5,237	19%

Note: Regional data do not include enrollment data for branch campuses located in Upper East Texas that are part of a main campus located in other regions, since they are not reported separately to the Texas Higher Education Coordinating Board. Data for all institutions includes health-related and independent institutions.
Sources: Texas Higher Education Coordinating Board and Independent Colleges and Universities of Texas, Inc.



Lineman Training

The Marshall Economic Development Corporation, in partnership with Southwestern Electric Power Company (SWEPCO), leased five acres of the Texas State Technical College campus to offer a new electrical lineman’s training program. Students combine classroom study with practical and hands-on applications. SWEPCO has indicated the lineman career path is underserved, and there is a significant need for trained workers in this very specialized field.²⁶

Kilgore, Panola, Paris and Trinity Valley community colleges ranked well above the statewide average for both three- and six-year graduation rates in fiscal 2006.

the Texas Higher Education Coordinating Board (THECB) compares four-year and six-year graduation rates to measure university outcomes. UT-Tyler’s four- and six-year graduation rates were 18.8 percent and 50.9 percent, respectively, in fiscal 2006, lower than statewide averages for both years.²⁷

Since many community college students go on to a university to obtain a four-year degree, THECB compares three-year and six-year graduation rates to measure community college outcomes. Texas State Technical College-Marshall (TSTC-Marshall)

had the region’s highest three-year graduation rate in fiscal 2006, while Panola College had the highest six-year graduation rate. Northeast Texas Community College, Kilgore, Paris and Trinity Valley Community Colleges all showed considerable improvement in six-year graduation rates between fiscal 2000 and 2006. Kilgore, Panola, Paris and Trinity Valley community colleges ranked well above the statewide average for both three- and six-year graduation rates in fiscal 2006 (Exhibit 49).²⁸

From fiscal 2000 to fiscal 2007, UT-Tyler’s number of degrees awarded annually rose by 34.9 percent to 1,175, while A&M Texarkana’s count rose by 62.3 percent, to 500. The statewide average increase was 30.3 percent (Exhibit 50).²⁹

Over the same period, Texas community colleges increased their number of degrees and certificates awarded statewide by 46.9 percent. Among the seven community colleges in the region, Paris Junior College had

Exhibit 49

Three- and Six-Year Graduation Rates (First-time, Full-time, Credential-seeking Students)
Upper East Texas Community Colleges

Institution	Fiscal 2000 3-year	Fiscal 2000 6-year	Fiscal 2006 3-year	Fiscal 2006 6-year
Kilgore College	15.3%	35.6%	15.1%	38.8%
Northeast Texas Community College	17.3	35.6	22.0	36.4
Panola College	26.0	42.1	22.1	40.4
Paris Junior College	15.2	30.4	19.4	32.5
Texarkana College	8.2	24.3	11.7	25.5
Trinity Valley Community College	18.1	27.6	19.7	33.2
Tyler Junior College	14.9	27.4	13.1	28.5
Texas State Technical College – Marshall	NA	NA	24.2	35.0
Community Colleges Statewide Average	10.8%	25.7%	12.1%	30.6%

Note: Data are unavailable for Texas State Technical College - Marshall for fiscal year 2000.
Source: Texas Higher Education Coordinating Board.



Exhibit 50

Degrees Awarded**Upper East Texas Region Public Universities, Fiscal 2000 and 2007**

Institution	Fiscal 2000	Fiscal 2007	Change	% Change
The University of Texas – Tyler	871	1,175	304	34.9%
Texas A&M University – Texarkana	308	500	192	62.3
Statewide Total	78,970	102,897	23,927	30.3%

Source: Texas Higher Education Coordinating Board.

the sharpest increase in degrees awarded, at 66.9 percent (**Exhibit 51**). Trinity Valley awarded the greatest number in fiscal 2007, at 1,348.³⁰

Affordability

From 2002-03 to 2007-08, UT-Tyler's annual estimated costs for one student's tuition and fees, based on 15 credit hours each semester, rose by about 88.7 percent, to \$5,382. A&M Texarkana's tuition and fees rose by 61.2 percent, to \$3,721. The statewide average for undergraduate universities rose by about 90.1 percent, to \$5,732.

For the 2007-08 school year, the estimated annual cost of tuition and fees, books and supplies, room and board, transportation and personal expenses at UT-Tyler (based on 15 credit hours in both fall and spring) was \$16,714. The statewide average was \$17,494. The 2007-08 total cost of attending A&M Texarkana was \$13,633.

The cost of attending private universities in the region has remained lower than the statewide average for private institutions. For 2007-08, estimated tuition and fee costs for all area private universities except for LeTourneau University were lower than the

Paris Junior College had the sharpest increase in degrees awarded, at 66.9 percent.

Exhibit 51

Degrees and Certificates Awarded**Upper East Texas Region Two-Year Colleges, Fiscal 2000 vs. 2007**

Institution	Fiscal 2000	Fiscal 2007	Change	% Change
Kilgore College	764	1,037	273	35.7%
Northeast Texas Community College	239	388	149	62.3
Panola College	304	336	32	10.5
Paris Junior College	332	554	222	66.9
Texarkana College	634	615	-19	-3
Trinity Valley Community College	1,026	1,348	322	31.4
Tyler Junior College	976	1,273	297	30.4
Texas State Technical College – Marshall	110	100	-10	-9.1
Regional Total	4,385	5,651	1,266	28.9%
Community Colleges Statewide Total	37,395	54,916	17,521	46.9%

Source: Texas Higher Education Coordinating Board.



The cost of attending private universities in the region has remained lower than the statewide average for private institutions.

LeTourneau University

Founded in 1946 by Mrs. R.G. LeTourneau, LeTourneau University (LETU) has distinguished itself as a premier higher education institution in the region. In 2007, Longview's LETU ranked 28th among Master's Comprehensive Universities in the Western region in *U.S. News and World Report's* rankings of "America's Best Colleges."

LETU is a nondenominational Christian university accredited by the Commission on Colleges of the Southern Association of Colleges and Schools as well as the Engineering Accreditation Commission and the Technology Accreditation Commission, which are commissions of the Accreditation Board of Engineering and Technology. In addition, the Federal Aviation Administration certifies LETU's flight program, while the International Assembly for Collegiate Business Education accredits its business program.

LETU offers its nearly 4,000 students two- and four-year degree programs in engineering, technology, liberal arts, business, aeronautical science, education and the sciences, plus master's degree programs in business. Its students, who represent more than 45 denominations, hail from 49 states and 26 countries.³¹

statewide average of \$17,392. In that year, the estimated annual cost of tuition and fees, books and supplies, room and board, transportation and personal expenses for private universities in the Upper East Texas

region ranged from a high of \$27,382 at LeTourneau University to a low of \$15,712 at Jarvis Christian College. The statewide average cost for private institutions was \$26,909.

From FY 2000 to FY 2007, resident tuition and fee changes at the region's seven community colleges ranged from an increase at Texarkana College of \$333 to an increase of \$806 at Trinity Valley Community College. Meanwhile, the statewide average increase for community colleges was about \$696, or about 73 percent. In 2007-08, tuition and fees in the region were lowest at Kilgore and Paris Junior Colleges, at \$1,290 each, and highest at TSTC Marshall, at \$2,788.³³

The total cost of attending the Upper East Texas region's community colleges in 2007-08, including tuition and fees, books and supplies, room and board, transportation and personal expenses, ranged from \$9,963 for Northeast Texas Community College to \$12,625 for TSTC Marshall. The statewide average for community colleges was \$11,935.³⁴

Luminant Academy

The Luminant Academy, a joint educational project between TXU Corporation subsidiary Luminant and Tyler Junior College, began holding educational classes for the company's employees on March 6, 2008. Luminant employees can earn continuing education credit hours or certificates of completion from the college while training to work in the firm's power generation, mining and construction operations.

While the facility primarily benefits Luminant and its power generation plants in Rusk and Titus counties, Tyler and the surrounding areas stand to gain from the economic activity generated by the presence of Luminant employees attending the courses. Based on information provided by the Tyler Junior College director of marketing and public information to the *Tyler Morning Telegraph*, Luminant employees attending the 18-week course at the college will spend money on hotels, food and other amenities during their stay in the area.³²



Funding

Total revenue for UT-Tyler, including tuition and fees, general revenue appropriations, federal funds and institutional funds, rose by 21 percent from fiscal 2005 to fiscal 2007. Texas A&M Texarkana's total revenues increased by 24.6 percent over the same period. These compared with a statewide average rise of 17.1 percent for public universities. (**Exhibit 52**).³⁵

Total appropriations for community colleges in the 2008-09 biennium increased for all of the region's community colleges except TSTC

Marshall. Between 2002-03 and 2008-09, statewide appropriations for all community colleges rose by 8 percent (**Exhibit 53**).³⁶

Contact hours — the time a professor actually spends in the classroom with students — for community, state and technical colleges rose 18.8 percent statewide from fall 2000 to fall 2007. In the Upper East Texas region, contact hours increased at all community colleges, with highs of 34.9 percent for Paris Junior College and 26 percent for Northeast Texas Community College (**Exhibit 54**).³⁷

Exhibit 52

Public Universities Total Revenue Sources Upper East Texas Region

The University of Texas at Tyler

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$13,173,044	\$19,220,153	45.9%
State appropriations	27,441,029	31,928,801	16.4
Federal funds	5,315,742	7,354,629	38.4
Institutional funds	7,667,143	6,332,770	-17.4
Total Revenue	\$53,596,958	\$64,836,353	21.0%

Texas A&M University – Texarkana

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$1,646,519	\$2,991,843	81.7%
State appropriations	10,946,629	11,640,825	6.3
Federal funds	1,585,369	2,247,163	41.7
Institutional funds	934,040	1,944,392	108.2
Total Revenue	\$15,112,557	\$18,824,223	24.6%

Statewide

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$1,839,294,505	\$2,220,917,368	20.7%
State appropriations	2,386,973,289	2,623,776,679	9.9
Federal funds	1,073,599,126	1,179,340,272	9.8
Institutional funds	1,117,526,847	1,489,717,723	33.3
Total Revenue	\$6,417,393,767	\$7,513,752,041	17.1%

Source: Texas Higher Education Coordinating Board.



Exhibit 53

**General Revenue Appropriations, Upper East Texas Public Community and Technical Colleges
Upper East Texas Region and Statewide**

Institution	2002-03 Biennium	2004-05 Biennium	2006-07 Biennium	2008-09 Biennium	% Change 2002-03 to 2008-09
Kilgore College	\$22,877,702	\$20,421,978	\$20,313,966	\$20,366,429	-11%
Northeast Texas Community College	7,106,372	7,454,511	7,673,140	7,980,432	12.3
Panola College	7,156,256	6,450,357	6,589,408	7,287,116	1.8
Paris Junior College	12,918,410	13,761,788	14,999,016	16,290,310	26.1
Texarkana College	17,997,556	16,369,105	17,888,098	18,213,070	1.2
Trinity Valley Community College	21,031,204	20,574,427	22,142,812	23,148,354	10.1
Tyler Junior College	32,391,782	30,294,730	31,952,506	32,974,900	1.8
Texas State Technical College – Marshall	5,990,069	4,731,495	6,214,473	5,402,152	-10.8
Public Community & Technical Colleges Statewide Total	\$1,709,158,821	\$1,622,914,188	\$1,763,151,222	\$1,845,292,200	8%

Source: Texas Higher Education Coordinating Board.

Exhibit 54

**Contact Hours
Upper East Texas Region, 2000 vs. 2007**

Institution	Fall 2000	Fall 2007	% Change 2000 to 2007
Kilgore College	856,308	1,024,216	19.6%
Northeast Texas Community College	345,674	435,520	26
Panola College	330,432	365,200	10.5
Paris Junior College	714,864	964,112	34.9
Texarkana College	722,128	844,392	16.9
Trinity Valley Community College	977,632	1,091,396	11.6
Tyler Junior College	1,773,560	1,858,696	4.8
Texas State Technical College – Marshall	179,328	130,412	-27.3

Note: Contact hours include only those with a full or part-time faculty instructing by lecture, lab or practicum. Classes taught at an inter-institutional location are excluded.
Source: Texas Higher Education Coordinating Board.



Endnotes

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Conclusion

The Upper East Texas region is poised to continue its steady economic growth. The region's beautiful scenery, unique recreational opportunities and small-town family appeal have served it well. But to continue its growth, the region must continue its efforts to maintain and expand its infrastructure, educate its work force and provide quality health care.

The region's economy is expected to grow at a steady rate. Industries such as financial services, professional and business services, leisure and hospitality, construction, and educational and health services should experience 20 to 40 percent job growth by 2012. In addition, employment growth in the region's urban and rural counties will parallel the overall state's growth. The most competitive jobs in the region are centered in the specialty trade contractor, oil and natural gas, mining, general and refrigerated warehousing and storage, civilian federal government and telephone call center industries.

Upper East Texas has abundant natural resources, including 30 lakes and reservoirs, two major and two minor aquifers and some of Texas' largest oil, natural gas and coal reserves, all of which should help it sustain strong economic growth. Economic expansion is also supported by a geography and

infrastructure conducive to interstate trade. The region's transportation system, including two major interstate highways, a proposed trade corridor, hundreds of miles of rail and two commercial airports, should help to support economic activity in the region.

Limited access to health care remains a challenge for Upper East Texas residents. But recent innovations, including an increase in research programs, professional training and new service sites, should improve the quality and accessibility of care in the area.

Upper East Texas has a higher percentage of Academically Acceptable school districts and campuses than the state average. The region also offers 17 higher education institutions and has seen an increase in college enrollment, helping to prepare the region's work force of tomorrow.

The Comptroller's office is ready to help the Upper East Texas region in meeting challenges with information and analysis. For assistance, please contact the Comptroller's Local Government Assistance and Economic Development Division at www.window.state.tx.us/lga, or toll-free at (800) 531-5441, ext. 3-4679.

We will continue to provide local and state leaders with detailed information in this continuing series of reports. We hope you look forward to these future publications, which will highlight each of the state's 12 economic regions (**Exhibit 55**).

Please see the Comptroller's *Texas in Focus: A Statewide View of Opportunities* at www.window.state.tx.us/specialrpt/tif, for a statewide perspective; and *Texas in Focus: High*



Plains (www.window.state.tx.us/specialrpt/tif/highplains) and *Texas in Focus: South Texas* (www.window.state.tx.us/specialrpt/tif/southtexas), for a look at our previous regional reports in this series.

Exhibit 55

Map of Economic Regions

